Wittering Capital Corp.

(A Capital Pool Company)

Financial Statements

As at and for the year ended July 31, 2022 and for the period from March 2, 2021 ("the date of incorporation") to July 31, 2021.

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wittering Capital Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wittering Capital Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2022 and 2021 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended July 31, 2022 and the period from incorporation on March 2, 2021 to July 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 Company as at July 31, 2022 and 2021 and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

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. If, based on the work we have performed, 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 James D. Gray.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
November 28, 2022

WITTERING CAPITAL CORP.
Statements of Financial Position
As at July 31, 2022 and 2021

		July 31, 2022		July 31, 2021
Assets				
Current Assets				
Cash	$	369,706	$	181,550
Prepaids		-		10,000
Total Assets	**$**	**369,706**	**$**	**191,550**
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	1,141	$	-
Total Liabilities	**$**	**1,141**	**$**	**-**
Shareholders' Equity				
Share capital (Note 4)	$	417,961	$	192,500
Contributed surplus (Note 4)		45,145		-
Deficit		(94,541)		(950)
Total Shareholders' Equity	**$**	**368,565**	**$**	**191,550**
Total Liabilities and Shareholders' Equity	**$**	**369,706**	**$**	**191,550**

Nature of Operations (Note 1)

Approved by the Board of Directors:

Director (signed by) *"Dain Currie"*

Director (signed by) *"Toby Pierce"*

The accompanying notes form an integral part of these financial statements

WITTERING CAPITAL CORP.

Statements of Loss and Comprehensive Loss

For the year ended July 31, 2022, and from the date of incorporation to July 31, 2021

For the periods ended		July 31, 2022		July 31, 2021
Expenses				
Interest and bank charges	$	360	$	467
Incorporation costs		-		483
Legal and professional		27,944		-
Stationary and printing		874		-
Share based compensation (Note 4)		35,911		-
Filing fees		28,502		-
Net loss and comprehensive loss for the period	**$**	**(93,591)**	**$**	**(950)**
Basic and diluted loss per share	**$**	**(0.02)**	**$**	**(0.00)**
Weighted average number of common shares outstanding		**5,823,901**		**2,531,126**

The accompanying notes form an integral part of these financial statements

WITTERING CAPITAL CORP.
Statement of Changes in Shareholders' Equity
For the year ended July 31, 2022, and from the date of incorporation to July 31, 2021

	Share Capital				
	Number of Shares	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
Balance at March 2, 2021	-	$ -	$ -	$ -	$ -
Net loss for the period	-	-	-	(950)	(950)
Shares issued for cash (Note 4)	3,900,000	195,000	-	-	195,000
Share issuance costs (Note 4)	-	(2,500)	-	-	(2,500)
Balance at July 31, 2021	**3,900,000**	**$ 192,500**	**$ -**	**$ (950)**	**$ 191,550**
Balance August 1, 2021	**3,900,000**	**$ 192,500**	**$ -**	**$ (950)**	**$ 191,550**
Net loss for the year	-	-	-	(93,591)	(93,591)
Shares issued for cash (Note 4)	3,100,000	305,000	-	-	305,000
Share issuance costs (Note 4)	-	(79,539)	9,234	-	(70,305)
Share based compensation (Notes 4 & 6)	-	-	35,911	-	35,911
Balance at July 31, 2022	**7,000,000**	**$ 417,961**	**$ 45,145**	**$ (94,541)**	**$ 368,565**

The accompanying notes form an integral part of these financial statements

WITTERING CAPITAL CORP.
Statements of Cash Flows
For the year ended July 31, 2022, and from the date of incorporation to July 31, 2021

For the periods ended		**July 31, 2022**		**July 31, 2021**
Operating Activities				
Net loss for the period	$	(93,591)	$	(950)
Items not involving cash:				
Share based compensation		35,911		-
Changes in non-cash working capital items:				
Prepaids		10,000		(10,000)
Accounts payable and accrued liabilities		1,141		-
Net cash used in operating activities		**(46,539)**		**(10,950)**
Financing Activities				
Proceeds from share issuances		305,000		195,000
Share issue costs		(70,305)		(2,500)
Net cash flows provided by financing activities		**234,695**		**192,500**
Change in cash during the period		188,156		181,550
Cash, beginning of the period		181,550		-
Cash, end of the period	**$**	**369,706**	**$**	**181,550**

The accompanying notes form an integral part of these financial statement

1. Nature of operations

Wittering Capital Corp. ("Company") was incorporated under the Business Corporations Act (British Columbia) on March 2, 2021 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The Company was formed for the primary purpose of completing an initial public offering ("IPO") on the Exchange as a Capital Pool Company ("CPC") in accordance with Policy 2.4 Capital Pool Companies (the "CPC Policy"). On December 20, 2021, the Company completed its IPO and listing on the Exchange (see Note 4).

As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a Qualifying Transaction ("QT") (as such term is defined in the CPC Policy) in accordance with the CPC Policy. Until Completion of the QT (as such term is defined in the CPC Policy), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential QT.

The Company's registered office is at 1710, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

The Company has no source of operating revenue, has incurred a net loss since inception, and as at July 31, 2022 has a deficit of $94,541. Its continued existence as a viable entity will be dependent on its ability to complete a QT, inclusive of its success in obtaining additional financing on terms which are acceptable to the Company.

2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the directors of the Company on November 28, 2022.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

3. Significant accounting policies (cont'd)

a) Management estimates and judgments (cont'd)

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is as follows:

Judgment:

Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

Estimate:

Share based compensation and agent's warrants

Stock options and agent's warrants are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected term of the warrant or stock option and expected risk-free interest rate.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. Significant accounting policies (cont'd)

c) Financial instruments (cont'd)

Financial Assets – Measurement (cont'd)

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of comprehensive loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and subsequently measured at amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

3. Significant accounting policies (cont'd)

d) Financial instruments (cont'd)

Financial Liabilities (cont'd)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

The Company has classified accounts payable and accrued liabilities as subsequently measured at amortized cost.

e) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and stock options are recognised as a deduction from equity, net of any related income tax effects.

f) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

<u>Current tax</u>

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

<u>Deferred tax</u>

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Significant accounting policies (cont'd)

g) Share based compensation

The Company grants stock options to certain of its employees, directors and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest. This number is reviewed annually, with any change in estimate recognised immediately in compensation expense with a corresponding adjustment to contributed surplus. Upon exercise of a stock option, consideration paid together with the share based compensation amount previously recognised in contributed surplus is recorded as an increase to share capital.

h) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

i) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

4. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value.

A summary of changes in common share capital in the period is as follows:

	Number of shares		Amount
Balance at July 31, 2021	**3,900,000**	**$**	**195,000**
Shares issued for cash by private placement on September 21, 2021	100,000		5,000
Shares issued for cash by private placement on December 20, 2021	3,000,000		300,000
Balance at July 31, 2022	**7,000,000**	**$**	**500,000**

(i) All 4,000,000 common shares of the Company that were outstanding prior to the completion of the IPO are subject to a CPC Escrow Agreement (Form 2F), and will be released from escrow in stages over a period of 18 months from the date that the Company's shares were first listed for trading.

4. Share capital (cont'd)

b) Initial Public Offering as a Capital Pool Company

During a prior period, the Company entered into a Letter of Intent ("LOI") with Haywood Securities Inc. (the "Agent") whereby the Agent agreed to raise on a best efforts' basis a minimum of $200,000 and up to $400,000 in the IPO by the issuance of 2,000,000 to 4,000,000 common shares of the Company at a price of $0.10 per common share.

Pursuant to the terms of the LOI, the Company agreed to pay to the Agent a commission of 8% of the gross proceeds of the IPO, payable in cash, and a work fee of $10,000, plus the Agent's legal fees incurred pursuant to the IPO, not to exceed $12,500 plus disbursements and taxes, and any other reasonable expenses of the Agent.

The Company also agreed to grant to the Agent such number of agent's warrants which will entitle the Agent to purchase up to 6% of the common shares sold under the IPO, being up to 240,000 common shares of the Company, at a purchase price of $0.10 per share until 60 months from the date of closing of the IPO.

On December 20, 2021, the Company completed its IPO and listing on the Exchange through the issuance of 3,000,000 shares at a price of $0.10 per share to raise gross proceeds of $300,000. The Company granted a total of 180,000 Agent's warrants to the Agent, which are exercisable for a period of 60 months from closing at an exercise price of $0.10 per share. These Agent's warrants were valued at $9,234 using the Black Scholes option pricing model, assuming a risk-free interest rate of 1.64%, an expected life of five years, an expected volatility of 40% (incremental 10% increase), forfeiture rate of 0% and no expected dividends.

In conjunction with the IPO, the Company granted an aggregate of 700,000 incentive stock options to its directors and officers, each option is exercisable at a price of $0.10 per share for a period of 60 months, vesting immediately.

c) Stock Options

The Company's stock options are summarized as follows:	Number of options		Weighted average exercise price
Balance, March 2, 2021 and July 31, 2021	-	$	-
Granted	700,000		$0.10
Balance July 31, 2022	**700,000**	**$**	**$0.10**

The Company granted a total of 700,000 share purchase options to the directors, officers and certain technical consultants on December 20, 2021, the date upon which the Company became listed on the Exchange as a CPC. These options are exercisable at a price of $0.10 for a period of five years from the date of grant and vested immediately. All outstanding options are exercisable as of July 31, 2022.

These options were valued at $35,911 using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.64%, an expected life of five years, an expected volatility of 40% (incremental 10% increase), forfeiture rate of 0% and no expected dividends.

d) Share purchase warrants

The Company's share purchase warrants are summarized as follows:

Warrants outstanding and exercisable:		**Exercise Price**	**Expiry Date**
180,000	$	0.10	Dec 19, 2026

4. Share capital (cont'd)

d) Share purchase warrants (cont'd)

On December 20, 2021, upon the completion of the IPO, the Company granted to its Agent 180,000 non-transferrable warrants to acquire up to 180,000 common shares at a price of $0.10 per share for a period of 60 months, vesting immediately. As of July 31, 2022, all 180,000 Agent's warrants are outstanding and exercisable.

5. Financial instruments and risk management

The Company is exposed to the following financial risks:

i) Market risk
ii) Credit risk
iii) Liquidity risk

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

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities and therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

5. Financial instruments and risk management (cont'd)

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at July 31, 2022, all of the Company's financial liabilities are due within one year.

As at July 31, 2022, the Company's working capital was $368,565 and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

Unless otherwise specifically provided by the CPC Policy, the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed QT.

6. Related party transactions

During the year ended July 31, 2022, 100,000 common shares were issued by private placement to a director for gross proceeds of $5,000 (2021 – 2,000,000 common shares for gross proceeds of $100,000).

During the year ended July 31, 2022, the Company granted 700,000 stock options, which were valued at $35,911 using the Black Scholes options pricing model, to its directors and officers, exercisable at a price of $0.10 per share for a period of five years, vesting immediately (see Note 4).

7. Income Taxes

A reconciliation of Canadian income taxes at statutory rates is as follows:

	2022	2021
Net loss for the period	$ (93,591)	$ (950)
Expected income tax recovery amounts (tax rate 27%)	(25,270)	(256)
Effect of deductible and non-deductible amounts	(9,287)	(675)
Change in benefit not recognized	34,577	931
Total income taxes	$ –	$ –

The components of the unrecognized deductible assets are as follows:

	2022	2021
Deferred income tax asset:		
Non-capital loss carry-forwards	$ 19,897	$ 391
Share issue costs	15,591	540
Valuation allowance	(35,488)	(931)
	$ –	$ –

Deferred tax assets result from temporary differences that arise due to the differences between the income tax values and the carrying amount of the assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. At July 31, 2022, there were insufficient expectations of future taxable profits and the deferred tax asset is unrecognized.

At July 31, 2022, the Company has non-capital losses carried forward for Canadian income tax purposes totaling approximately $73,691 (2021 - $1,450) which will expire from 2041 to 2042 and may be applied against future taxable income.