ANEESH CAPITAL CORP.

Financial Statements

For the years ended February 28, 2022 and 2021

Expressed in Canadian Dollars

ANEESH CAPITAL CORP.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aneesh Capital Corp.

Opinion

We have audited the financial statements of Aneesh Capital Corp. (the "Company"), which comprise the statements of financial position as at February 28, 2022 and 2021, and the statements of changes in equity, loss and comprehensive loss, and cash flows for the years then ended, 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 February 28, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention draw to Note 1 to the financial statements, which describes events and conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
June 28, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

ANEESH CAPITAL CORP.

Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**February 28, 2022**	February 28, 2021
Assets			
Current assets:			
Cash		**$ 290,271**	$ 195,140
Prepaids		**–**	15,000
Subscription receivable	5	**–**	15,000
		$ 290,271	$ 225,140
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade payables and accrued liabilities		**$ 10,849**	$ 15,310
Loans payable	4,6	**–**	7,800
		10,849	23,110
Shareholders' equity:			
Share capital	5	**418,113**	225,001
Reserves	5	**41,672**	–
Deficit		**(180,363)**	(22,971)
		279,422	202,030
		$ 290,271	$ 225,140

Nature and continuance of business (Note 1)

Approved on behalf of the board of directors:

"Peeyush Varshney"
Peeyush Varshney, Director

"Satnam Brar"
Satnam Brar, Director

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

ANEESH CAPITAL CORP.

Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital				
	Notes	Shares	Amount	Reserves	Deficit	Total Equity
Balance, February 29, 2020		**1**	**$ 1**	**$ –**	**$ (5,908)**	**$ (5,907)**
Common shares issued for cash	5	3,750,000	225,000	–	–	225,000
Net loss for the year		–	–	–	(17,063)	(17,063)
Balance, February 28, 2021		**3,750,001**	**225,001**	–	**(22,971)**	**202,030**
Common shares issued for cash	5	2,500,000	250,000	–	–	250,000
Share issuance costs	5	–	(56,888)	9,511	–	(47,377)
Share-based compensation	5	–	–	32,161	–	32,161
Net loss for the year		–	–	–	(157,392)	(157,392)
Balance, February 28, 2022		**6,250,001**	**$ 418,113**	**$ 41,672**	**$ (180,363)**	**$ 279,422**

The accompanying notes form an integral part of these financial statements

ANEESH CAPITAL CORP.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes		Year Ended February 28, 2022		2021
Expenses:					
Listing expense	**5**	**$**	**69,166**	$	-
Office and administration	6		**26,453**		68
Professional fees			**19,360**		16,995
Regulatory fees			**5,677**		–
Share based compensation	5, 6		**32,161**		–
Transfer agent fees			**4,575**		–
Net and comprehensive loss		**$**	**(157,392)**	$	(17,063)
Loss per common share – basic and diluted		**$**	**(0.03)**	$	(0.18)
Weighted average number of common shares outstanding – basic and diluted			**5,530,823**		96,576

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

ANEESH CAPITAL CORP.

Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year Ended February 28, 2022		Year Ended February 28, 2021
Cash provided by:				
Operating activities				
Net loss for the year	**$**	**(157,392)**	$	(17,063)
Item not affecting cash:				
Share-based compensation		**32,161**		-
Changes in non-cash working capital:				
Prepaids		**15,000**		(15,000)
Trade payables and accrued liabilities		**(4,461)**		12,163
		(114,692)		(19,900)
Financing activities				
Subscription receivable		**15,000**		(15,000)
Loans payable		**(7,800)**		5,000
Proceeds from share issuances, net		**202,623**		225,000
		209,823		215,000
Change in cash		**95,131**		195,100
Cash, beginning of year		**195,140**		40
Cash, ending of year	**$**	**290,271**	$	195,140

Supplemental cash flow information

Significant non-cash transactions during the year ended February 28, 2022 included the issuance of 250,000 agents’ warrants with a fair value of $9,511 in connection to the Company’s IPO.

There were no significant non-cash transactions during the year ended February 28, 2021

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

1. NATURE AND CONTINUANCE OF BUSINESS

Aneesh Capital Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on October 18, 2017. The Company is a Capital Pool Corporation ("CPC") as defined in the TSX Venture Exchange ("Exchange") Policy 2.4 after completing its Initial Public Offering ("IPO") on September 29, 2021. As a CPC, the Company's objective will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no significant assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arms' length transaction, of the majority of the minority shareholders.

On September 29, 2021, the Company completed its IPO on the Exchange by raising $250,000 through the issuance of 2,500,000 common shares of the Company at $0.10 per share (Note 5). The Company's common shares were approved for listing on the Exchange on September 29, 2021 and commenced trading effective October 1, 2021 under the trading symbol EESH.P.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for a proposed QT; reasonable expenses related to the Company's IPO and prescribed costs of issuing the common shares and maintaining the Company's regulatory requirements; and not exceeding in aggregate $3,000 per month for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the Exchange policy 2.4.

The Company's head office and principal address is Suite 2050-1055 West Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is suite 400 - 725 Granville Street, Vancouver, BC, V7Y 1G5.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of viable business projects, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. These conditions cast significant doubt on the Company's ability to continue as a going concern. During the year ended February 28, 2022 the Company reported a net loss of $157,392 (2021- $17,063). As at February 28, 2022, the Company had working capital of $279,422 (2021- $202,030) and a deficit of $180,363 (2021 - $22,971). The financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PRESENTATION

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

Statement of compliance

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

Basis of presentation

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

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Stock-based compensation

The Company records all stock-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the stock-based compensation cannot be reliably estimated, the fair value is measured by using the Black Scholes Option Pricing Model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to stock-based compensation reserve. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of stock-based compensation.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Financial instruments – recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments – recognition and measurement *(cont'd)*

(i) 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.

(ii) 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 Other Comprehensive Income ("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.

(iii) 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 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 shall recognize in the statements of loss and

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments – recognition and measurement *(cont'd)*

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.

(iv) 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.

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.

The Company classifies cash as FVTPL, and trade payable and loans payable at amortized cost.

Subscriptions Receivable

The Company records stock issuances at the effective date. If the subscription is not received upon issuance, the Company records a subscription receivable as an asset on the statement of financial position. As at February 28, 2022, $Nil (February 28, 2021 -$15,000) was receivable for common share issuances.

Recent accounting pronouncements

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. LOANS PAYABLE

As at February 28, 2022, the Company owed $Nil (February 28, 2021 - $7,800) to an arm's length party and a related party (Note 6). The loans are non-interest bearing with no fixed terms of repayment.

5. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

5. SHARE CAPITAL *(Cont'd)*

b. Issued and outstanding

During the year ended February 28, 2022, the Company issued 2,500,000 common shares on September 29, 2021 at a price of $0.10 per share for aggregate gross proceeds of $250,000. On August 26, 2021, the Company entered into an agreement with Canaccord Genuity Corp. (the "Agent") to act as agent for the Company's IPO. Pursuant to the agreement, the Company paid a cash commission of $25,000 or 10% of gross proceeds to the Agent, and granted to the Agent 250,000 warrants ("Agent's Warrant") exercisable at $0.10 per share for a period of 24 months from the listing date. The Company recorded a fair value of $9,511 in share issuance costs on the Agent's warrants. The Company also paid legal and filing fees of $22,377 that were recorded to share issuance cost. In connection with the Company's IPO, the Company incurred $69,166 in listing expenses that were recognized in the Company's statement of loss and comprehensive loss.

During the year ended February 28, 2021, the Company issued:

i) 3,000,000 common shares on February 18, 2021 at a price of $0.05 per share for aggregate gross proceeds of $150,000; and
ii) 750,000 common shares on February 26, 2021 at a price of $0.10 per share for aggregate gross proceeds of $75,000.

The subscription receivable as at February 28, 2021 from the issuance of these shares amounted to $15,000 which was received during the year ended February 28, 2022.

c. Escrow shares

Upon completion of the IPO and pursuant to an escrow agreement dated August 26, 2021, 3,000,001 common shares issued to directors and officers of the Company prior to the IPO and 625,000 stock options granted to directors and officers (Note 5(d)) of the Company were placed into escrow. The common shares and stock options will be subject to escrow until the Final Exchange Bulletin is issued, after which under the escrow agreement, 25% of the escrowed common shares will be released over a period of eighteen months. As at February 28, 2022, 3,000,001 common shares and 625,000 stock options remained in escrow. The escrowed common shares have been excluded from the calculation of loss per share.

d. Stock options

The Company has adopted an incentive stock option plan (the "Stock Option Plan"), which provides that the board of directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to 10 years from the date of grant. Under the Stock Option Plan, options are required to have an exercise price not less than the closing market price of the Company's shares prevailing on the day that the option is granted less applicable discount, if any, permitted by the policies of the Exchange. Pursuant to the Stock Option Plan, the board of directors of the Company may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of

(Expressed in Canadian Dollars)

5. SHARE CAPITAL *(Cont'd)*

d. Stock options *(Cont'd)*

companies providing management or consulting services to the Company or its subsidiaries. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or an aggregate maximum of 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant. The Stock Option Plan contains no vesting requirements other than those that will apply to options granted to investor relations service providers, but permits the board of directors of the Company to specify a vesting schedule in its discretion.

During the year ended February 28, 2022, the Company granted an aggregate of 625,000 stock options to its directors and officers at an exercise price of $0.10 per share expiring September 29, 2026. All of the granted options are subject to escrow release requirements (Note 5(c)).

There were no options granted during the year ended February 28, 2021

As at February 28, 2022, the following stock options were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average period
Options	September 29, 2026	625,000	$0.10	4.59 Years

The Company recorded $32,161 in stock-based compensation expense in connection with the option grant. The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	February 28, 2022
Risk free rate	0.98%
Dividend yield	–
Volatility	61%
Expected life	5 years
Weighted average fair value of options	$ 0.051

The expected volatility assumption is based on the historical and implied volatility of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0%.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL *(Cont'd)*

e. Agent's' warrants

In connection to the Company's IPO, an aggregate of 250,000 non-transferable Agent's Warrants were issued to the Agent (Note 5(b)). The Agent's Warrants are exercisable at a price of $0.10 per common share for a period of two years from the date that the common shares of the Company are listed on the Exchange. Pursuant to the Exchange Policy 2.4, the Agent agrees that only 50% of the common shares obtained by the Agent pursuant to the exercise of the Agent's Warrants may be sold prior to the completion of a QT, and the remaining balance may only be sold after completion of the QT.

As at February 28, 2022, the following Agent's Warrants were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average period
Agent's Warrants	September 29, 2023	250,000	$0.10	1.58 years

The Company recorded $9,511 in the reserves account for the Agent's Warrants issued.

The fair value of the Agent's Warrants granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 28, 2022
Risk free rate	0.52%
Dividend yield	–
Volatility	70%
Expected life	2 years
Weighted average fair value of agents' warrants	$ 0.038

The expected volatility assumption is based on the historical and implied volatility comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the agents' warrants expected life. The Company has not paid and does not anticipate paying dividends on its common stock.

Reserves

Reserves represent the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

6. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS *(Cont'd)*

On March 1, 2021, the Company entered into a rent and administrative services agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for office rent and administrative services provided to the Company on a month to month basis in exchange for a monthly fee of $2,000 plus taxes.

During the year ended February 28, 2022, the Company paid $25,200 (2021- $Nil) for rent and administrative fees to VCC.

As at February 28, 2022, a loan of $Nil (February 28, 2021 - $7,300) was due to VCC and is included in loans payable on the statement of financial position (Note 4).

During the year ended February 28, 2022, the Company recognized $32,161 (2021 - $Nil) in share-based compensation expense on 625,000 stock options granted to its directors and officers (Note 5(d)).

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2022		2021
Loss for the year	$	(157,392)	$	(17,063)
Statutory rate		27%		27%
Expected income tax recovery at statutory rate		(42,496)		(4,607)
Other items		(4,108)		-
Change in valuation allowance		46,604		4,607
Income tax recovery	$	–	$	–

The Company has accumulated non-capital losses of approximately $157,678 which may be deducted in the calculation of taxable income in future years. The losses expire in 20 years after the losses incurred.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at February 28, 2022, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. All the Company's cash is held through Canadian chartered banks and accordingly, the Company believes it has no significant credit risk.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Cont'd)*

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 and seeking equity financing when needed.

As at February 28, 2022, the Company had cash on hand of $290,271 (2021 - $195,140), which is sufficient to settle its current liabilities of $10,849 (2021 - $23,110). The Company will need to raise additional financing to complete a Qualifying Transaction. Liquidity risk is assessed as high.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty. Interest rate risk is assessed as low.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company does not pay out dividends.

There were no changes in the Company's approach to capital management during the year ended February 28, 2022.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction. Cash from proceeds of share issuance are restricted pursuant to the Exchange policy 2.4.

The Company has no long-term debt and is not subject to any externally imposed capital requirements.