

locaste Ventures Inc.

(A Capital Pool Company)

Financial Statements

**For the Year Ended September 30, 2022 and for the
Period from the Date of Incorporation (July 6, 2021) to
September 30, 2021**

(In Canadian Dollars)



Independent Auditor's Report

To the Shareholders of locaste Ventures Inc.:

Opinion

We have audited the financial statements of locaste Ventures Inc. (the "Corporation"), which comprise the statements of financial position as at September 30, 2022 and September 30, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2022 and for the period from the date of incorporation (July 6, 2021) to September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2022 and September 30, 2021, and its financial performance and its cash flows for the year ended September 30, 2022 and for the period from July 6, 2021 to September 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

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

In connection with our audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Toronto, Ontario
January 20, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

locaste Ventures Inc.
Statements of Financial Position
As at September 30
(in Canadian Dollars)

	2022	2021
Assets		
Cash	\$ 546,210	\$ 385,000
Deferred financing costs	-	15,000
Total assets	546,210	400,000
Liabilities		
Accounts payable and accrued liabilities	20,959	32,500
Shareholders' equity		
Share capital (Note 3)	645,711	396,000
Options reserve (Note 4)	88,505	-
Accumulated deficit	(208,965)	(28,500)
Total shareholders' equity	525,251	367,500
Total liabilities and shareholders' equity	\$ 546,210	\$ 400,000

Incorporation and Nature of business (Note 1)

Approved and authorized for issuance by the Board of Directors on January 20, 2023:

Approved by the Board **Lorne Sugarman**
Director **(Signed)**

Michael Perkins
Director **(Signed)**

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

locaste Ventures Inc.
Statements of Loss and Comprehensive Loss
For the Year Ended September 30, 2022, and for the Period from the Date of Incorporation (July 6, 2021) to September 30, 2021
(in Canadian Dollars)

	2022	2021
Expenses		
Professional and administrative fees	\$ 99,065	\$ 28,500
Share-based compensation	81,400	-
Total expenses	\$ 180,465	\$ 28,500
Net loss and comprehensive loss	\$ (180,465)	\$ (28,500)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	11,021,637	6,517,459

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

locaste Ventures Inc.
Statements of Changes in Cash Flows
For the Year Ended September 30, 2022 and for the Period from the Date of Incorporation (July 6, 2021) to September 30, 2021
(in Canadian Dollars)

	2022	2021
Cash provided by (used in):		
Operating activities		
Net loss	\$ (180,465)	\$ (28,500)
Share-based compensation	81,400	-
Change in deferred financing costs	15,000	(15,000)
Change in accounts payable and accrued liabilities	(11,542)	32,500
Cash used in operating activities	(95,607)	(11,000)
Financing Activities		
Share subscription, net of issuance costs	236,291	396,000
Proceeds from exercise of agent options	20,526	-
Cash provided by financing activities	256,817	396,000
Net change in cash	161,210	385,000
Cash, beginning of year/period	385,000	-
Cash, end of the year/period	\$ 546,210	\$ 385,000

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

locaste Ventures Inc.**Statements of Changes in Shareholders' Equity****For the Year Ended September 30, 2022 and for the Period from the Date of Incorporation (July 6, 2021) to September 30, 2021**

(in Canadian Dollars)

	Number of shares	Share capital	Options reserve	Accumulated deficit	Shareholders' equity
Share subscription (Note 3)	8,000,000	\$ 400,000	\$ -	\$ -	\$ 400,000
Share issuance costs	-	(4,000)	-	-	(4,000)
Net loss	-	-	-	(28,500)	(28,500)
Balance, September 30, 2021	8,000,000	\$ 396,000	\$ -	\$ (28,500)	\$ 367,500
Share subscription (Note 3)	3,000,000	300,000	-	-	300,000
Share issuance costs (Note 4)	-	(86,210)	22,500	-	(63,710)
Share-based compensation (Note 4)	-	-	81,400	-	81,400
Share issuance, agent option exercise	205,260	35,921	(15,395)	-	20,526
Net loss	-	-	-	(180,465)	(180,465)
Balance, September 30, 2022	11,205,260	\$ 645,711	\$88,505	\$ (208,965)	\$ 525,251

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

locaste Ventures Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and for the Period from the Date of Incorporation (July 6, 2021) to September 30, 2021
(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

locaste Ventures Inc. (the "Corporation") was incorporated under the *Business Corporations Act* (British Columbia) on July 6, 2021 and is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"), as defined under the policies of the Exchange. The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure sufficient financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

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

The registered address and records of the Corporation is 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V6V 3L6. The head office of the Corporation is located at 200, 305 10 Avenue SE, Calgary, Alberta T2G 0W2.

On January 20, 2023, the board of directors approved the financial statements for the year ended September 30, 2022 and for the period from the July 6, 2021 to September 30, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 pandemic may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying financial statements, including comparative information, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For comparative purposes, the Corporation has a comparative period starting on, the date of incorporation, July 6, 2021 to September 30, 2021.

Basis of Presentation

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

Use of Estimates and Judgements

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. It also requires management to exercise its judgment in the processing of applying the Corporation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of such estimates and judgments are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates and judgments are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Actual results could differ from these estimates.

The following are the key judgements, estimates and assumptions management considers to be material to the financial statements:

Income tax

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Shared-based compensation

The Company measures the cost of share-based awards with directors, officer and agents by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including: the fair value of the underlying shares, the expected life of the option, volatility, forfeiture rate, risk-free rate and dividend yield. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate. The assumptions and estimates used are further outlined in Note 4(e).

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share has not been presented as it would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Corporation's net assets that results from transactions, events and circumstances from sources other than the Corporation's shareholders and includes items that are not included in the statement of operations. The Corporation does not have any items affecting comprehensive income or loss.

Financial Instruments

Recognition

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

Classification

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

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

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

The Corporation has implemented the following classifications:

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

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

Measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Instruments - continued

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

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

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

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

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

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities 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 by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Share-based Payments

The Corporation grants share-based awards to officers and directors as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of loss and comprehensive loss with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

locaste Ventures Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and for the Period from the Date of Incorporation (July 6, 2021) to September 30, 2021
(in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based Payments - continued

Share-based payments arrangements in which the Corporation receives goods or services as consideration for its equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Corporation cannot reliably estimate the fair value of the goods or services received, the Corporation will measure their value by reference to the fair value of the equity instruments granted.

3. SHARE CAPITAL

Authorized - Unlimited common shares

Issued	#	\$
Common shares issued (a) (i), (ii), (iii)	8,000,000	400,000
Cost of issuance	-	(4,000)
Balance, September 30, 2021	8,000,000	396,000
Common shares issued (b) (i), (ii), (iii)	3,205,260	335,921
Cost of issuance	-	(86,210)
Balance, September 30, 2022	11,205,260	645,711

(a) Private Placements

For the period from July 6, 2021, to September 30, 2021, the Corporation authorized the following private placements:

- (i) On July 6, 2021, the Corporation authorized the sale and issuance of 100 common shares at a price of \$0.05 per share for gross proceeds of \$5.00; and
- (ii) On July 21, 2021, the Corporation authorized the sale and issuance of 6,499,900 common shares at a price of \$0.05 per share for gross proceeds of \$324,995; and
- (iii) On July 26, 2021, the Corporation authorized the sale and issuance of 1,500,000 common shares at a price of \$0.05 per share for gross proceeds of \$75,000.

(b) Initial Public Offering & Agent's Options Exercise

- (i) On November 10, 2021, the Corporation authorized the sale and issuance of 3,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$300,000; and
- (ii) On December 20, 2021, 10,000 of the Agent's Options were exercised and 10,000 common shares were issued at \$0.10 per share for gross proceeds of \$1,000, and a related share-based compensation amount of \$750; and
- (iii) On February 1, 2022, 195,260 of the Agent's Options were exercised and 195,260 common shares were issued at \$0.10 per share for gross proceeds of \$19,526 and a related share-based compensation amount of \$14,645.

Escrowed Common Shares

Upon completion of the Corporation's initial public offering, 8,000,000 of the issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. Twenty five percent (25%) of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent (25%) will be released on each of the dates which are 6 months, 12 months, and 18 months following the Initial Release.

3. SHARE CAPITAL - continued

Escrowed Common Shares - continued

All common shares acquired on exercise of stock options granted to directors and officers of the Corporation prior to completion of the QT must also be deposited in escrow until the Final Exchange Bulletin is issued.

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

4. SHARE-BASED COMPENSATION

Share options issued to directors, officers, and third parties are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to options reserves. The fair value of the options is calculated using the Black-Scholes option pricing model. When determining the fair value of share options, management is required to make certain assumptions and estimates related to the risk-free interest rate, dividend yield, share price volatility, life of options, and forfeiture rate. Upon the exercise of share options, the related options reserve is transferred to common shares. The following chart summarizes the options granted:

Options Issued		2022
	Number of Options	Weighted average exercise price per share
Balance at the beginning of the year	-	\$ -
Granted	1,400,000	0.10
Exercised	(205,260)	0.10
Balance at the end of the year	1,194,740	\$ 0.10

- (a) On October 14, 2021, the Corporation entered into an engagement letter with Richardson Wealth Limited. (the "Agent") to raise gross proceeds of \$300,000, in connection with the Corporation's Initial Public Offering (the "IPO"). The Corporation agreed to pay a commission of 10% of gross proceeds to the Agent and to grant the Agent an option to acquire 10% of the common shares issued in the offering, being 300,000 common shares, exercisable for a period ending five years from the date that the common shares are listed on the Exchange at an exercise price of \$0.10 ("Agent's Options"). The Agent's Options are qualified for distribution under the prospectus. Not more than 50% of the aggregate number of common shares which can be acquired on the exercise of the entire Agent's Options may be sold by the Agent prior to the completion of the Qualifying Transaction. The remaining 50% may be sold after the completion of the Qualifying Transaction. In addition, the Corporation paid the Agent a Corporate Finance Fee of \$15,000, which is considered as a share issuance cost. The Corporation also paid the Agent's legal fees and any other reasonable costs and expenses of the Agent pursuant to the Offering. The share-based compensation for this grant amounted to \$22,500 and is considered as a share issuance cost. On September 30, 2022, a total of 94,740 of the Agent's Options were outstanding (2021 – nil).

4. SHARE-BASED COMPENSATION - continued

- (b) On November 10, 2021, the Corporation entered into a stock option agreement to grant stock options to officers and directors to collectively acquire 1,100,000 common shares of the Corporation at an exercise price of \$0.10 per share and expiring ten years from the date of issue. The stock options vested immediately on the grant date.

During the year ended September 30, 2022, the Corporation recorded share-based compensation expense of \$81,400 (2021 – nil) as a result of stock options being issued. This expense is included in the share-based compensation line on the statements of loss and comprehensive loss.

Options issued during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

Options Issued	2022
Share price	\$0.10
Risk free annual interest rate (i)	1.47%
Expected annual dividend yield	-
Expected share price volatility (ii)	100%
Expected life of options (years) (iii)	5
Forfeiture rate	0%

- Based on the Bank of Canada benchmark bond yield rate with a term equal to the expected life of the options;
- Estimated using the average historical volatility of a comparable publicly traded capital pool company;
- Represents the time period that options granted are expected to be outstanding.

Grant Date	Outstanding #	Exercisable #	Exercise Price \$	Remaining Life (years)	Expiry Date
November 10, 2021	94,740	94,740	0.10	4.11	November 10, 2026
November 10, 2021	1,100,000	1,100,000	0.10	9.11	November 10, 2031
As at September 30, 2022	1,194,740	1,194,740	0.10	8.73	

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, option reserve, and accumulated deficit, in the definition of capital.

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**Capital Management - continued**

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

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash and accounts payable and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

6. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2021, 6,500,000 common shares were issued at a price of \$0.05 per share to directors, officers and companies related to directors or officers of the Corporation.

During the year ended September 30, 2022, 1,100,000 stock options to purchase common shares were granted at a price of \$0.10 per share to directors and officers of the Corporation (2021 – nil). Share-based compensation of \$81,400 related to the stock option grant was recorded in the statement of loss and comprehensive loss (2021 - nil).

There was no remuneration paid to key management personnel and no other related party transactions during the year ended September 30, 2022, and for the period from July 6 to September 30, 2021.

7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 27% and the Corporation's effective income tax expense is as follows:

	2022	2021
Net loss for the period	\$ (180,465)	\$ (28,500)
Expected income tax recovery	(48,726)	(7,695)
Permanent differences	21,978	-
Share issuance costs	(17,380)	(1,080)
Deferred tax assets not recognized	44,128	8,775
Income tax recovery	\$ -	\$ -

As at September 30, 2022, the Corporation had non-capital losses for income tax purposes of approximately \$141,439, which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2041 - \$28,700 and 2042 - \$112,739. The Corporation has not recorded deferred tax assets related to these unused carry-forward losses as it is not probable that future taxable profits will be available against which these can be deducted.