A2ZCRYPTOCAP INC.

(A CAPITAL POOL COMPANY)

Financial Statements

For the Year Ended December 31, 2022 and for the Period from
Date of Incorporation on October 15, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

Crowe MacKay LLP
Elveden House 1700,
717 - 7 Avenue SW
Calgary, AB T2P 0Z3
Main +1(403) 294-9292
Fax +1(403) 294-9262
www.crowemackay.ca

Independent Auditors' Report

To the Shareholders of A2ZCryptocap Inc.

Opinion

We have audited the financial statements of A2ZCryptocap Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2021 and the statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the periods ended December 31, 2022 and December 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 December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the periods 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 *Auditors' 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 to Note 1 to the financial statements which describes the material uncertainty 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

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 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 the other information prior to the date of this auditors' 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 in this auditors' report. 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Ashley Kidd.

Crowe Mackay LLP

Chartered Professional Accountants
Calgary, Canada
April 21, 2023

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Financial Position
(Expressed in Canadian Dollars)

	Note		December 31, 2022		December 31, 2021
ASSETS					
Current Assets					
Cash	4	**$**	**344,269**	$	83,500
Receivables	8		**3,567**		500
Prepaid expenses			**-**		8,000
Deferred issuance costs			**-**		17,000
		$	**347,836**	$	109,000
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	8	**$**	**17,283**	$	17,800
SHAREHOLDERS' EQUITY					
Share capital	5		**359,709**		102,000
Contributed Surplus			**75,898**		-
Deficit			**(105,054)**		(10,800)
			330,553		91,200
		$	**347,836**	$	109,000

Nature of operations and going concern (Note 1)

Approved on behalf of the Board

"Christopher Gulka" Director

"Dale Burstall" Director

See accompanying notes to the financial statements

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Loss and Comprehensive Loss
For the Year Ended December 31, 2022 and for the Period from
Date of Incorporation on October 15, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2022	Period from Date of Incorporation on October 15, 2021 to December 31, 2021
Expenses			
General and administrative		$ 39,732	$ 10,800
Share based compensation	5, 10	54,522	-
		94,254	10,800
Net loss and comprehensive loss		$ (94,254)	$ (10,800)
Net loss per common share			
Basic and diluted	6	$ (0.02)	$ (0.01)

See accompanying notes to the financial statements

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Changes in Equity
For the Year Ended December 31, 2022 and for the Period from
Date of Incorporation on October 15, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

	Shares		Share Capital		Contributed Surplus		Deficit		Total
Shares issued, at incorporation	1	$	0.05	$	-	$	-	$	0.05
Shares issued for cash	2,039,999		101,999.95		-		-		101,999.95
Net loss for the period	-		-		-		(10,800)		(10,800)
Balance, December 31, 2021	2,040,000	$	102,000	$	-	$	(10,800)	$	91,200
Shares issued for cash	**4,000,000**		**400,000**		**-**		**-**		**400,000**
Share issuance costs	**-**		**(142,291)**				**-**		**(142,291)**
Issuance of options	**-**		**-**		**75,898**		**-**		**75,898**
Net loss for the year	**-**		**-**		**-**		**(94,254)**		**(94,254)**
Balance, December 31, 2022	**6,040,000**	**$**	**359,709**	**$**	**75,898**	**$**	**(105,054)**	**$**	**330,553**

See accompanying notes to the financial statements.

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Cash Flows
For the Year Ended December 31, 2022 and for the Period from
Date of Incorporation on October 15, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

		Year ended December 31, 2022		Period from Date of Incorporation on October 15, 2021 to December 31, 2021
Cash Provided by (Used in):				
Operating Activities				
Net loss	**$**	**(94,254)**	$	(10,800)
Add back non-cash items				
Share based compensation		**54,522**		-
Changes in non-cash working capital:				
Accounts receivable		**(3,067)**		(500)
Prepaid expenses		**-**		-
Accounts payable and accrued liabilities		**6,483**		10,800
Net cash used in operating activities		**(36,316)**		(500)
Financing Activities				
Deferred issuance costs		**-**		(25,000)
Accounts payable and accrued liabilites		**(7,000)**		7,000
Issuance of common shares, less share issuance costs		**304,085**		102,000
Cash from financing activities		**297,085**		84,000
Net increase in cash		**260,769**		83,500
Cash, beginning of period		**83,500**		-
Cash, end of period	**$**	**344,269**	$	83,500
Supplemental disclosure of non-cash transactions:				
Deferred issuance costs reclassified to share capital	**$**	**25,000**	$	-
Fair value of agent warrants recognized as share issuance costs	**$**	**21,376**	$	-

See accompanying notes to the financial statements

1. Nature of Operations and Going Concern

A2ZCryptoCap Inc. (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on October 15, 2021 and is listed as a Capital Pool Company ("CPC") as defined in Policy 2.4 - *Capital Pool Companies* of the TSX Venture Exchange Inc. (the "Exchange") Corporate Finance Manual. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4).

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The head office and the registered office of the Company is located at Suite 800 Dome Tower, 333 - 7th Avenue SW, Calgary (Alberta) T2P 2Z1.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2022, the Company has not yet completed its Qualifying Transaction which is required to eventually be completed as a Capital Pool Company.

The Company incurred a net loss of $94,254 (2021 – $10,800) for the year ended December 31, 2022, and as of that date, the Company's deficit was $105,054 (2021 – $10,800). The Company's ability to continue as a going concern is dependent upon the successful identification and completion of its Qualifying Transaction and to commence profitable commercial activities. These factors give rise to material uncertainties that cast significant doubt on the validity of the going concern assumption.

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. Basis of Presentation

a) Statement of Compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved the issuance of these financial statements on April 20, 2023.

b) Basis of Measurement
The financial statements have been prepared on the historical cost basis.

c) Functional Currency
The financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Basis of Presentation (continued)

d) Use of Estimates and Significant Assumptions
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements:

Cash and cash equivalents
Cash and cash equivalents include cash balances held in law firm trust accounts.

Income Taxes
Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Net Loss Per Common Share
Net loss per share has been calculated based on the weighted average number of common shares outstanding during the period using the treasury stock method.

3 Summary of Significant Accounting Policies (continued)

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Measurement

i) Financial assets

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 (FVTPL), 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 or principal and interest.

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

- 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 as finance income using the effective interest rate method.
- Fair value through OCI (FVOCI): Debt instruments that are held for collection of contractual 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 debt instrument 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 debt instruments 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 loss and comprehensive loss in the period in which it arises.

The Company classifies all financial assets as held at amortized cost.

3. Summary of Significant Accounting Policies (continued)

ii) Financial liabilities

A financial liability is classified as a 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: where the Company optionally designates financial liabilities at FVTPL the amount of change in the 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.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequently to initial recognition, the liabilities are measured at amortized cost using the effective interest method.

The Company classifies all financial liabilities as held at amortized cost.

Deferred Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred issuance costs until the financing transaction is completed, if the completion of the transaction is considered likely, otherwise they are expensed. Should the financing not be successful, all amounts deferred are expensed in the period such information becomes known.

Share-based Compensation

The Corporation uses the Black-Scholes option-pricing model to fair value options granted to directors, officers and employees. The estimated fair value of options on the date of grant is recognized as compensation expense over the vesting period. The number of expected forfeitures is estimated at the grant date and adjustments for actual forfeitures are made as they occur.

Future accounting standards and amendments

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

(Expressed in Canadian Dollars)

3 Summary of Significant Accounting Policies (continued)

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. Restriction on Use of Proceeds

The proceeds raised from the issuance of common shares in the capital of the Company (the "common shares") may only be used to identify and evaluate businesses or assets and to obtain shareholder approval for a proposed Qualifying Transaction, other than for reasonable general and administrative expenses of the Company which are limited to $3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

5. Share Capital

Authorized:
Unlimited common voting shares
Unlimited preferred shares

Issued and outstanding:

	Number of Common Shares		Amount
At incorporation, October 15, 2021	1	$	0.05
Shares issued during period	2,039,999		101,999.95
Balance, December 31, 2021	2,040,000	$	102,000
Shares issued during the year	4,000,000		400,000
Share issuance costs	-		(142,291)
Balance, December 31, 2022	6,040,000	$	359,709

The issued and outstanding founders' common shares of 2,040,000 are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in Exchange Policy 1.1 - *Interpretation*) (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers, and non-employees prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

During the year ended December 31, 2022, the Company entered into an agency agreement with Leede Jones Gable Inc., (the "Agent") and completed an Initial Public Offering (the "Offering") pursuant to the policies of the TSX Venture Exchange governing CPCs., closing on 4,000,000 Common Shares at a price of $0.10 per common share. The Company paid the Agent a commission of 10% of the gross proceeds of the Offering plus 10% Agent's warrants. The Agent was granted non-transferable Agent's warrants to purchase common shares equal to 10% of the total number of common shares sold under the Offering at a price of $0.10 per common share, exercisable for a period of 24 months from the date of closing of the Offering.

On June 23, 2022, the Company granted 400,000 Agent warrants to its Agent which are exercisable for a period of 2 years from the date of the grant at an exercise price of $0.10 per Common Share. The warrants vested immediately.

The below table outlines the issuance of warrants during the year.

	Number of Warrants		Weighted average exercise price
Balance, December 31, 2021	-	$	-
Issued during year	400,000	$	0.10
Balance, December 31, 2022	400,000	$	0.10
Exercisable, December 31, 2022	400,000	$	0.10

The below table outlines the weighted average life of the warrants.

Warrants outstanding	Weighted average exercise price	Weighted average remaining term (years)	Warrants exercisable
400,000	$0.10	1.48	400,000

The warrants issued during the year ended December 31, 2022 were valued at $21,376 and this amount was recorded as share issuance costs.

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture. Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

On June 23, the Company granted options to directors to purchase an aggregate of 604,000 common shares, at a price of $0.10 per common share for a period of 10 years from the date of the grant. The options vested immediately.

The below table outlines the issuance of options during the period.

	Number of Options		Weighted average exercise price
Balance, December 31, 2021	-	$	-
Issued during year	604,000	$	0.10
Balance, December 31, 2022	604,000	$	0.10
Exercisable, December 31, 2022	604,000	$	0.10

The below table outlines the weighted average life of the options.

Options outstanding	Weighted average exercise price	Weighted average remaining term (years)	Options exercisable
604,000	$0.10	9.48	604,000

The options issued during the year ended December 31, 2022 were valued at $54,522 and this amount was expensed as share based compensation expense.

The below table outlines the variables used in the valuation of the warrants and options by the Black Scholes model.

Risk free interest rate (%)	3.11%-3.30%
Expected life (years)	2-10 years
Volatility rate (%)	100.00%
Dividend yield (%)	0.00%
Forfeiture rate (%)	0.00%

The fair value of the stock options granted during the year ended December 31, 2022 was $0.09 per option. The fair value of the warrants granted during the year ended December 31, 2022 was $0.05 per warrant.

6. Net Loss Per Common Share

Basic and diluted loss per share has been calculated using the weighted average number of common shares of 4,133,151 (2021 – 2,040,000).

(Expressed in Canadian Dollars)

7. Income Taxes

The income tax provision reported differs from the amount computed by applying the combined Canadian federal and provincial rate to income before income taxes. The reasons for the difference and the related tax effects are as follows:

		December 31, 2022		December 31, 2021
Loss before income taxes	$	(94,254)	$	(10,800)
Expected rate		23.00%		23.00%
Expected tax recovery		(21,678)		(2,484)
Tax effected adjustments:				
Share based compensation		12,540		-
Unused tax losses not recognized		9,138		2,484
Income tax expense	$	-	$	-

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses may be carried forward and expire as follows:

2040	$	11,000
2041	$	68,000

The Company has a deferred tax asset of approximately, $11,000, which consists primarily of non-capital tax losses. A deferred tax asset has not been recognized as the Company does not consider it probable that it will be recovered.

8. Financial Instruments

The Company's financial instruments consist of cash and accounts payable.

Financial risk management
The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk
Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to any credit risk since the cash is held in the Company’s lawyers trust account.

Liquidity risk
The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. As at December 31, 2022, the Company has cash of $344,269 (2021 - $83,500) to settle financial liabilities of $17,283 (2021 - $17,800).

Fair value
The fair values of cash and accounts payable approximate their carrying amounts due to their short-term nature.

(Expressed in Canadian Dollars)

8. Financial Instruments (continued)

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at December 31, 2022, the Company had no amounts, classified as "fair value through profit or loss".

	Maturity		
As at December 31, 2022	Within 1 year	1-5 years	Greater than 5 years
Receivables	$ 3,567	$ -	$ -
Accounts payables and accrued liabilities	(17,283)	-	-
	$ (13,716)	$ -	$ -

9. Capital Management

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of $330,553 (2021 - $91,200) in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The Company is not subject to externally imposed capital requirements other than the restriction on the use of proceeds disclosed in Note 4.

(Expressed in Canadian Dollars)

10. Related Party Transactions and Key Management Compensation

		December 31, 2022		December 31, 2021
Short-term benefits	$	-	$	-
Long-term benefits (*)		54,522		-
	$	54,522	$	-

(*) Consists of share-based payments as the fair value of options granted to directors and officers of the Corporation under the Corporation's stock option plan.

For the year ended December 31, 2022, $51,974 (December 31, 2021 - $7,500) in legal fees were incurred with a law firm of which one of the corporate directors is a partner. The legal fees were recognized in general and administration expense, share issuance costs and deferred issuance costs in the amounts of $7,475 (2021 - $500), $44,499 (2021 – nil) and nil (2021 - $7,000). Included in accounts payable and accrued liabilities as at December 31, 2022 is $1,638 (2021 - $7,500) related to these fees.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation classifications in the current period. The changes did not impact net loss.