AD4 CAPITAL CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

OCTOBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
AD4 Capital Corp.

Opinion

We have audited the accompanying financial statements of AD4 Capital Corp. (the "Company"), which comprise the statements of financial position as at October 31, 2022 and 2021, and the statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended October 31, 2022 and the period from incorporation on June 14, 2021 to October 31, 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and 2021, and its financial performance and its cash flows for the year ended October 31, 2022 and the period from incorporation on June 14, 2021 to October 31, 2021 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor’s report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

February 28, 2023\

AD4 CAPITAL CORP.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT OCTOBER 31,

	Note	October 31, 2022	October 31, 2021
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	807,367	508,475
Accounts receivable		4,827	-
Deferred financing costs		-	20,000
Total assets		812,194	528,475
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		23,825	30,118
Total liabilities		23,825	30,118
Shareholders' equity			
Capital stock	5	869,805	525,001
Contributed surplus		134,800	-
Deficit		(216,236)	(26,644)
Total shareholders' equity		788,369	498,357
Total liabilities and shareholders' equity		812,194	528,475

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on February 28, 2023:

"Alfredo De Lucrezia" Director "Maurizio Grande" Director

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

AD4 CAPITAL CORP.
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	For the Year Ended October 31, 2022	From Incorporation on June 14, 2021 to October 31, 2021
		$	$
EXPENSES			
Professional fees		37,332	12,923
Bank charges		50	221
Licences and fees		789	-
Office and administrative expenses		39,998	13,500
Share-based payments	5 and 7	116,250	-
		(194,419)	(26,644)
Interest income		4,827	
Loss and comprehensive loss for the period		(189,592)	(26,644)
Loss per common share			
Basic		(0.01)	(0.01)
Diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted	5	12,198,631	4,532,375

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

AD4 CAPITAL CORP.
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended October 31, 2022	From Incorporation on June 14, 2021 to October 31, 2021
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(189,592)	(26,644)
Items not affecting cash		
Share-based payments	116,250	-
Interest income	(4,827)	-
Change in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	(6,293)	10,118
Net cash used in operating activities	(84,462)	(16,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	500,000	525,001
Share issue costs	(116,646)	-
Net cash provided by financing activities	383,354	525,001
Increase in cash during the period	298,892	508,475
Cash and cash equivalents, beginning of period	508,475	-
Cash and cash equivalents, end of period	807,367	508,475
Supplementary disclosure of non-cash and financing activities		
Deferred financing costs	-	20,000
Interest income in accounts receivable	4,827	-
Agent’s share purchase options (note 5)	18,550	-

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

AD4 CAPITAL CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Capital stock				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance as of June 14, 2021	-	-	-	-	-
Shares issued on incorporation	1	1	-	-	1
Shares issued for cash	10,500,000	525,000	-	-	525,000
Loss for the period	-	-	-	(26,644)	(26,644)
Balance as at October 31, 2021	**10,500,001**	**525,001**	**-**	**(26,644)**	**498,357**
Balance as of November 1, 2021	10,500,001	525,001	-	(26,644)	498,357
Loss for the year	-	-	-	(189,592)	(189,592)
Shares issues for cash	5,000,000	500,000	-	-	500,000
Share issuance costs	-	(155,196)	-	-	(155,196)
Share-based payments	-	-	116,250	-	116,250
Compensation options issued	-	-	18,550	-	18,550
Balance as at October 31, 2022	**15,500,001**	**869,805**	**134,800**	**(216,236)**	**788,369**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

AD4 Capital Corp. (the "Company") was incorporated on June 14, 2021 under the laws of the Province of British Columbia, Canada, as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. Head office is located at 423 East 10th Street, North Vancouver, British Columbia, Canada V7L 2E5. The principal business of the Company is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business (the "Qualifying Transaction"), subject to, if a non-arm's length Qualifying Transaction, receipt of majority approval of the minority shareholders and acceptance by regulatory authorities. Until the completion of a Qualifying Transaction, the Company will not carry on any other business.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to continue in operation for the foreseeable future. This will depend on the Company's ability to identify and evaluate assets or businesses for acquisition or participation by completing a Qualifying Transaction as defined in Exchange Policy. Any acquisition investment proposal by the Company will be subject to regulatory approval.

Management estimates that the Company has sufficient working capital to meet its projected minimum financial obligations for the next fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Financial instruments

The Company classifies its financial instruments in the following categories: as FVTPL, FVTOCI financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial asset or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

(i) Financial assets

Recognition
The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to a contractual provision of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and

(b) 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 (an 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 (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Financial liabilities are not reclassified.

Cash and cash equivalents are classified as FVTPL and are accounted for at fair value. Cash equivalents include highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit and loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

(c) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the assets at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportable forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date (once a public listing has been obtained). The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(e) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

On vesting, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised, the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as contributed surplus are transferred to share capital. When an option is cancelled, or expires, the initial recorded value is reversed from contributed surplus and charged to deficit.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd…)

(f) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss 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 income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income 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 income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(g) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares which includes shares held in escrow.

Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company.

(h) Use of estimates and measurement uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

(i) Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such difference may result in eventual tax payments differing from amounts accrued. Reporting amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

3. NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2021, or later periods.

The Company has reviewed these updates and determined that none are applicable or consequential to the Company and have been excluded from discussion in these financial statements.

(Expressed in Canadian Dollars)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

		October 31, 2022		October 31, 2021
Cash	$	57,367	$	508,475
Guaranteed investment certificate		750,000		-
	$	807,367	$	508,475

5. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

On June 14, 2021, the date of incorporation, the Company issued 1 common share at a price of $1.

On September 1, 2021, the Company completed a common share issue whereby it issued 10,500,000 common shares at a price of $0.05 per share for gross proceeds of $525,000.

On June 29, 2022, the Company completed its Initial Public Offering ("IPO") by way of a Prospectus through its agent, Leede Jones Gable Inc. (the "Agent"). The Company issued 5,000,000 common shares at $0.10 per share, for aggregate proceeds of $500,000 (the "Offering"). The Agent was paid a $35,000 commission, a $15,750 corporate finance fee, $18,113 to cover its legal and other expenses related to the Offering and was issued 350,000 compensation options with a value of $18,550. Each option entitles the Agent to purchase one common share at the exercise price of $0.10 per share until June 28, 2024.

In addition, filing fees of $10,500 and legal fees and other expenses of $62,958 were paid related to the Offering. The total share issue costs were recorded as a reduction of share capital.

In conjunction with the completion of the IPO the Company granted stock options to its Officers and Directors to purchase up to 1,550,000 common shares at a price of $0.10 per share for a period of five years expiring on June 29, 2027. If any options are exercised before a Qualifying Transaction has been completed, the Optionee must agree in writing that the shares acquired be held in escrow until the issuance of a Final Exchange Bulletin confirming the completion of a Qualifying Transaction.

All of the currently issued and outstanding common shares of the Company issued at $0.05, being 10,500,000 common shares, are subject to escrow conditions. Under the Escrow Agreement, 25% of the escrowed common shares will be released from escrow on acceptance by the TSX-V of the Company's Qualifying Transaction and thereafter, an additional 25% every six months for eighteen months.

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding common shares. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the day on which the Company announces the granting of the options), or such other price as may be agreed to by the Company and accepted by the TSX-V. Vesting terms are determined by the Board of Directors at the time of grant.

(Expressed in Canadian Dollars)

5. **SHARE CAPITAL** (Cont'd…)

Stock option transaction are summarized as follows:

Directors' and Officers' Incentive Stock Options	Number	Exercise Price		Expiry Date
Outstanding as at June 14, 2021 (date of incorporation)	nil		-	-
Granted during the period	nil		-	-
Outstanding, October 31, 2021	nil			
Granted during the year	1,550,000	$	0.10	June 29, 2027
Outstanding and exercisable, October 31, 2022	1,550,000	$	0.10	June 29, 2027

Agent's Compensation Options				
Outstanding as at June 14, 2021 (date of incorporation	nil			
Granted during the period	nil			
Outstanding, October 31, 2021	nil			
Granted during the year	350,000	$	0.10	June 28, 2024
Outstanding, and exercisable, October 31, 2022	350,000	$	0.10	June 28, 2024

Subsequent to October 31, 2022, 100,000 Directors and Officers Incentive Stock Options were surrendered and cancelled.

The Company recorded the fair value of all options granted during the period using the Black-Sholes options pricing model employing the following assumptions:

a) Expected life of options (Directors and Officers, 5 years) and (Agent's, 2 years)
b) Stock price volatility (Directors and Officers, 100%) and (Agent's, 100%)
c) Risk free interest rate (Directors and Officers and Agent's, 2.35%)

The fair value of the Directors and Officers options was determined to be $116,250 which was recorded as an operating expense and the fair value of the Agent's compensation options was determined to be $18,550 which was recorded as a reduction of share capital.

Contributed surplus

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments and the fair value of options and warrants issued on private placements. Contributed surplus is increased by the fair value of these items and is reduced by corresponding amounts when options or warrants expire or exercised or cancelled.

Escrowed securities

The Company has entered into an Escrow Agreement in relation to the 10,500,000 common shares ("Seed Shares") issued as at October 31, 2021 where by these shares have been placed in escrow.

Upon the Company completing a Qualifying Transaction, the escrowed common shares will be subject to a timed release over an 18-month period.

(Expressed in Canadian Dollars)

6. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended October 31, 2022, was based on the loss attributable to common shareholders of $189,592 and a weighted average number of common shares outstanding of 12,198,631.

The calculation of basic and diluted loss per share for the period from incorporation to October 31, 2021 was based on the loss attributable to common shareholders of $26,644 and a weighted average number of common shares outstanding of 4,532,375

7. RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence from incorporation to October 31, 2022.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. Key management personnel and Directors can participate in the Company's stock option plan.

During year ended October 31, 2022 the Company granted stock options to its Directors and Officers with a fair value of $116,250 to purchase 1,550,000 of its common shares at a price of $0.10 per share until June 29, 2027 (note 5).

The Company entered into transactions with related parties during the year ended October 31, 2022 as follows:

a. Paid charges for office and administrative expenses to its Chief Executive Officer in the amount of $39,000.

8. INCOME TAXES

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

	2022	2021
	$	$
Loss for the period	(189,592)	(26,644)
Expected income tax (recovery)	(51,000)	(7,194)
Change in statutory, foreign tax, foreign exchange rates	4,000	-
Permanent differences	31,000	-
Share issue costs	(42,000)	-
Change in unrecognized deductible temporary differences	66,000	7194
Total income tax expense (recovery)	-	-

(Expressed in Canadian Dollars)

8 INCOME TAXES (cont'd)

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2022	2021
Deferred tax assets (liabilities)	$	$
Share issue costs	34,000	-
Allowable capital losses	4,000	
Non-capital losses available for future periods	35,000	7,194
	73,000	7,194
Unrecognized deferred tax assets	(73,000)	(7,194)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2022	Expiry Date Range	2021	Expiry Date Range
Temporary differences	$		$	
Share issue costs	124,000	No expiry date	-	
Allowable Capital losses	13,000	No expiry date		
Non-capital losses available for future periods	131,000	2024 to 2041	26,644	2023 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

9. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital management

The Company is a Capital Pool Company and considers items included in shareholders' equity as capital. The Company has no debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets.

In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company has shareholders' equity of $788,369 as of October 31, 2022.

The Company currently has no source of revenues. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is dependent upon the continuing financial support of shareholders and the completion of a Qualifying Transaction.

9 CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Cont'd)

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which now applies following the completion of the IPO (note 5) . These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of $3,000 per month for other general and administrative costs.

Financial instruments - fair value

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured using level 1 inputs.

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk and liquidity risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivable exposure as its refundable credits are due from the Canadian Government.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.