

**AXCAP VENTURES INC.**

**(FORMERLY NETCOINS HOLDINGS INC.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

**(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Axcap Ventures Inc. (the "Company") have been prepared and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, Manning Elliott LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim financial statements by an entity's auditor.

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,241,789	\$ 829,312
Loans receivable (Note 5)	108,300	-
Prepaid expenses	-	4,500
	1,350,089	833,812
Long-term loan receivable (Note 5)	507,694	512,681
Equity investments (Note 6)	925,307	825,329
<b>Total Assets</b>	<b>\$ 2,783,090</b>	<b>\$ 2,171,822</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 7)	\$ 187,327	\$ 451,578
<b>EQUITY</b>		
Share capital (Note 8)	23,861,181	22,353,190
Contributed surplus	760,511	760,511
Reserves (Notes 9 and 10)	5,162,969	4,991,141
Deficit	(27,188,898)	(26,384,598)
	2,595,763	1,720,244
<b>Total Liabilities and Equity</b>	<b>\$ 2,783,090</b>	<b>\$ 2,171,822</b>

Going Concern (Note 2)

**Approved on behalf of the Board of Directors**

/s/ Ken Cotiamco  
Ken Cotiamco,  
Director

/s/ Desmond Balakrishnan  
Desmond Balakrishnan,  
Director

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>OPERATING EXPENSES</b>				
Consulting fees (Note 15)	\$ -	\$ 1,500	\$ -	\$ 10,500
Depreciation	-	-	-	233
Legal and professional fees (Note 15)	2,200	8,710	47,860	74,680
Office and administrative (Note 15)	2,677	64,327	128,511	414,327
Rent	-	4,500	4,500	9,000
Transfer agent and regulatory fees	35,755	4,712	75,915	21,286
Travel	-	-	-	4,241
<b>Operating Expenses</b>	<b>40,632</b>	<b>83,749</b>	<b>256,786</b>	<b>534,267</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income (Note 5)	9,843	18,266	15,764	31,660
Interest expense	(23)	(1)	(713)	(4)
Foreign exchange gain (loss)	61,006	(80)	59,454	(78)
Gain on de-recognition of debt	-	-	-	302,769
Recovery of GST written off	-	31,759	-	6,587
Gain on excess GST write-off	(445)	-	(8,669)	-
Gain (loss) on sale of equity investments (Note 6)	14,610	(137,314)	7,328	1,075,541
Gain (loss) on change in fair value of equity investments (Note 6)	54,394	(220,949)	(620,678)	(1,684,099)
<b>Other Income</b>	<b>139,385</b>	<b>(308,319)</b>	<b>(547,514)</b>	<b>(267,624)</b>
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 98,753</b>	<b>\$ (392,068)</b>	<b>\$ (804,300)</b>	<b>\$ (801,891)</b>
<b>Basic and diluted earnings (loss) per share (Note 14)</b>	<b>\$ 0.00</b>	<b>\$ (0.08)</b>	<b>\$ (0.04)</b>	<b>\$ (0.17)</b>
<b>Weighted average number of common shares outstanding (basic and diluted) (Note 14)</b>	<b>21,811,241</b>	<b>4,856,589</b>	<b>19,203,666</b>	<b>4,856,589</b>

The accompanying notes are integral to these financial statements

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	<b>Nine Months Ended September 30, 2022</b>	<b>Nine Months Ended September 30, 2021</b>
<b>Cash Flows from (used in) Operating Activities</b>		
Net income (loss)	\$ (804,300)	\$ (801,891)
Adjustments for items not affecting cash		
Bad debt expense	-	-
Depreciation	-	233
Gain on de-recognition of debt	-	-
Loss (gain) on sale of equity investments (Note 6)	(7,328)	(1,075,541)
Loss (gain) on change in fair value of equity investments (Note 6)	613,632	1,684,099
Interest income (Note 5)	(9,994)	(23,174)
	(207,990)	(216,274)
Changes in non-cash working capital:		
Trade and other receivables	-	-
Prepaid expenses	4,500	(9,900)
Trade and other payables	(264,251)	(426,250)
	(467,741)	(652,424)
<b>Cash Flows from (used in) Investing Activities</b>		
Purchase of equity investments (Note 6)	(2,072,563)	(1,012,912)
Sale of equity investments (Note 6)	1,366,281	2,110,542
Loans advanced (Note 5)	(106,000)	(388,000)
Interest received from loans advanced	12,681	-
	(799,601)	709,630
<b>Cash Flows from Financing Activities</b>		
Issuance of shares	1,507,991	-
Issuance of warrants	171,828	-
	1,679,819	-
<b>Changes in cash during the year</b>	<b>412,477</b>	<b>57,206</b>
<b>Cash and cash equivalents – Beginning of period</b>	<b>829,312</b>	<b>164,729</b>
<b>Cash and cash equivalents – End of period</b>	<b>\$ 1,241,789</b>	<b>\$ 221,935</b>

**Supplemental Cash Flow Information (Note 13)**

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**  
*(Expressed in Canadian Dollars, except number of shares)*

	Common Shares		Contributed Surplus	Reserves	Deficit	Total
	Number of Shares	Amount				
<b>Balance – December 31, 2020</b>	4,856,589	\$ 22,353,190	\$ 760,511	\$ 4,991,141	\$ (25,633,649)	\$ 2,471,193
Net and comprehensive loss for the period	-	-	-	-	(801,891)	(801,891)
<b>Balance – September 30, 2021</b>	4,856,589	22,353,190	760,511	4,991,141	(26,435,540)	1,669,302
Net and comprehensive income for the period	-	-	-	-	50,942	50,942
<b>Balance – December 31, 2021</b>	4,856,589	22,353,190	760,511	4,991,141	(24,384,598)	1,720,244
Issuance of shares for cash	16,954,652	1,507,991	-	-	-	1,507,991
Issuance of finder's warrants	-	-	-	171,828	-	171,828
Net and comprehensive income for the period	-	-	-	-	(804,300)	(804,300)
<b>Balance – September 30, 2022</b>	21,811,241	\$ 23,861,181	\$ 760,511	\$ 5,162,969	\$ (27,188,898)	\$ 2,595,763

The accompanying notes are integral to these financial statements

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

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*(Expressed in Canadian Dollars, except per share amounts)*

**1. General Information**

Axcap Ventures Inc. (formerly Netcoins Holdings Inc.) (“AVI” or “Axcap” or the “Company”) was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

Axcap is a public company which is listed on the Canadian Securities Exchange (“CSE”) under the symbol “AXCP” (see Note 18). The Company’s head office is 1090 West Georgia Street, Suite 488, Vancouver, BC, V6E 3V7, and registered and records office is located 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

**COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has already affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Other than the pandemic delaying the Company’s plans for investments, the Company’s business and results were not materially affected by the pandemic.

**2. Going Concern**

These condensed interim financial statements have been prepared by management on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

For the nine months ended September 30, 2022, the Company had an accumulated deficit of \$27,188,898, and negative cash flow from operations of \$(467,741). The Company’s ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and to generate funds therefrom or obtain additional financing. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. These factors cast significant doubt on the Company’s ability to continue as a going concern.

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

**3. Basis of Preparation**

*a. Statement of Compliance*

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) 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 Issues Committee (“IFRIC”). Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim financial statements follow the same accounting policies and methods of application the Company’s audited financial statements for the year ended December 31, 2021. The policies applied in these condensed interim financial statements are based on IFRS issued as of November 29, 2022, the date the Board of Directors approved the financial statements. These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2021.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

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*(Expressed in Canadian Dollars, except per share amounts)*

**3. Basis of Preparation (continued)**

*b. Functional and Presentation Currency*

These condensed interim financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity is in Canadian dollars.

**4. Critical Accounting Estimates and Judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

*Areas of judgement*

*(i) Going Concern*

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will be able to continue as a going concern. Further disclosure is included in Note 2.

*(ii) Deferred Tax Asset*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Management applies judgment in determining the likelihood of future taxable profits.

*Assumptions and critical estimates*

*(i) Determination of Fair Values*

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. For equity investments not quoted in an active market, where Level 1 inputs are not available the Company estimates the fair value based on the criteria described under Note 4(ix) in the audited financial statements for the year ended December 31, 2021.

*(ii) Tax Assets and Liabilities*

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rate as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

**4. Critical Accounting Estimates and Judgements (continued)**

*Areas of judgement (continued)*



**AXCAP VENTURES INC. (FORMERLY NETCOINS HOLDINGS INC.)**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)**

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*(Expressed in Canadian Dollars, except per share amounts)*

*(iii) Share-Based Payments*

The Company utilizes the Black-Scholes Option Pricing Model (“Black-Scholes”) to estimate the fair value of stock options granted to directors, officers and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based compensation calculation value, however, the most significant estimate is the volatility.

**5. Loans Receivable**

**a. Current Loans Receivable**

On February 24, 2021, the Company entered into a loan agreement with an unrelated company (the “Borrower”) for principal of \$388,000 with interest bearing at 10% per annum and then loan is due upon the completion of the Borrower’s next financing.

In October 2021, the Company received \$411,705 from the Borrower as repayment for the principal and the interest accrued of \$23,705. As at December 31, 2021, the loan and interest were fully repaid.

On June 23, 2022, the Company entered into a loan agreement with an unrelated party for principal of \$106,000 with interest bearing at 8% per annum and the loan is due within 12 months. As at September 30, 2022, the Company accrued interest of \$2,300 and the balance of the loan receivable was \$108,300.

**b. Long-Term Loans Receivable**

In March 2021, the Company participated in an unsecured debenture financing of an unrelated third party (the “Borrower”) in the amount of \$500,000 and due on April 30, 2024. Instead of interest payments, the Company is entitled to receive a participation right payment equal to five percent of the Borrower’s realized net monthly revenues within 30 days of each month-end. Such participation right payments shall be calculated from the Borrower’s realized net revenues reported in the monthly financial report, which is submitted to the Borrower’s regulators adjusted for non-realized inventory gains or losses. In addition, the Company shall receive annually, a net profit interest participation right payment within 90 days of each fiscal years of from 2021, 2022, and 2023, equal to five percent of the Corporation’s net realized profits. See Note 18(a).

In January 2022, the Company and the Borrower signed an amending agreement to the original debenture agreement whereby effective January 1, 2022, the participation right payment shall equal to 0.5% of the Borrower’s realized net operating income, instead of five percent in the original agreement. Furthermore, the Company shall receive annually a net profit participation right payment equal to 0.5% of the Borrower’s net realizable profit instead of five percent in the original agreement.

During the nine months ended September 30, 2022, the Company accrued \$7,694 and received \$12,681.22 in participation right payment from the Borrower as interest income. The balance of the loan receivable was \$507,694 as at September 30, 2022.

**6. Equity Investments**

The Company’s equity investments are comprised of investments in common shares of Canadian publicly traded

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*(Expressed in Canadian Dollars, except per share amounts)*

and non-public companies. The Company measures its equity investments at fair value through profit or loss ("FVTPL"). The cost and fair values of the equity investments at September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
Opening Balance	\$	825,329	\$	2,927,000
Additions		2,072,563		552,912
Disposals		(1,358,952)		(1,397,912)
Change in fair value gain (loss)		(613,633)		(1,256,671)
Ending Balance	\$	925,307	\$	825,329

**7. Trade and Other Payables**

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
Taxes payable	\$	48,262	\$	48,262
Trade payables		139,065		403,315
	\$	187,327	\$	451,578

Trade and other payables are comprised primarily of trade payables incurred in the normal course of business. Included in trade payables are amounts total \$Nil (December 31, 2021 - \$152,031) due to related parties (see Note 15).

**8. Share Capital**

**a. Authorized Share Capital**

The Company is authorized to issue unlimited number of common shares without par value.

**b. Issued Share Capital**

In February 2022, the Company closed the first tranche of its non-brokered private placement comprising of 15,654,825 units with a price of \$0.11 per unit for gross proceeds of \$1,722,031. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant is exercisable into one additional share at an exercise price of \$0.115 per warrant on or before February 7, 2027. Using the residual method, the entire gross proceeds of \$1,722,031 have been allocated to the shares and \$nil to the warrants.

In connection with the first tranche of the financing, the Company paid aggregate cash finder's fees totalling \$172,203 and issued 1,565,582 finder's warrants to certain qualified arm's length finders. Each finder's warrant is exercisable into one share at an exercise price of \$0.115 per finder's warrant on or before February 7, 2027. The fair value of the finder's warrants is \$159,772 and allocated to warrant reserve. The finder's warrants are valued using the Black-Scholes Option Pricing Model with the following assumptions: annualized volatility of 140.04%, risk-free interest rate of 1.68%, expected life of 5 years and a dividend rate of Nil.

In March 2022, the Company closed the second tranche of its non-brokered private placement comprising of 1,181,661 units with a price of \$0.11 per unit for gross proceeds of \$129,983. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant is exercisable into one additional share at an exercise price of \$0.115 per warrant on or before March 31, 2027.

**8. Share Capital (continued)**

**b. Issued Share Capital (continued)**

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In connection with the second tranche of the financing, the Company issued 118,166 finder's units and 118,166 finder's warrants to certain qualified arm's length finders. Each finder's unit consists of one share and one finder's unit warrant. Each finder's warrant and finder's unit warrant is exercisable into one finder's warrant share at an exercise price of \$0.115 per finder's warrant share on or before March 31, 2027. The fair value of the finder's unit is \$12,056 and allocated to share issuance costs, and the fair value of the finder's warrants is \$12,056 and allocated to warrant reserve. The finder's units and finder's warrants are valued the Black-Scholes Option Pricing Model with the following assumptions: annualized volatility of 139.10%, risk-free interest rate of 2.42%, expected life of 5 years and a dividend rate of Nil.

**c. Restricted Share Units**

Pursuant to the Company's fixed number restricted share unit ("RSU") plan, the Company awarded a total of 80,000 RSU to certain directors, officers and employees in October 2018. 50% of the awarded RSU vested immediately and the remaining 50% vested on April 17, 2019. The shares awarded pursuant to the RSU are equity settled and based on the fair value at date of grant.

**9. Warrants**

As at September 30, 2022, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
February 7, 2022	February, 7, 2027	\$0.115	17,220,407
March 31, 2022	March 31, 2027	\$0.115	1,417,993
			18,638,400

The following is a summary of the Company's warrant activities:

	Number of Warrants
Outstanding at December 31, 2021	-
Issued	18,638,400
Outstanding at September 30, 2022	18,638,400

The weighted average exercise price and weighted average life are \$0.115 and 4.37 years, respectively.

**10. Stock Options**

The Company adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

The changes in stock options outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – September 30, 2022 and December 31, 2021	\$ 8.75	54,371

**10. Stock Options (continued)**

Stock options outstanding and exercisable as at September 30, 2022 and December 31, 2021 are summarized

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(Expressed in Canadian Dollars, except per share amounts)

as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$8.75	54,371	1.45	\$8.75	54,371	\$8.75

## 11. Capital Management

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned operations and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2022 and the year ended December 31, 2021.

## 12. Financial Instruments

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position are classified and measured as follows:

Category	September 30, 2022	December 31, 2021
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,241,789	\$ 829,312
Loans receivable	\$ 108,300	\$ -
Equity investments	\$ 925,307	\$ 825,329
Long-term loans receivable	\$ 507,694	\$ 512,681
<b>Financial Liabilities</b>		
Trade and other payables	\$ 187,327	\$ 451,578

Due to the short-term nature of trade and other payables, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

## 12. Financial Instruments (continued)

The following table presents the Company's financial instruments, measured at fair value, and categorized into

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*(Expressed in Canadian Dollars, except per share amounts)*

levels of the fair value hierarchy:

	<b>Balance at September 30, 2022</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Cash and cash equivalents	\$ 1,241,789	\$ 1,241,789	\$ -	\$ -
Equity investments	\$ 925,307	\$ 875,250	\$ 50,057	\$ -

There were no transfers between the Levels of the fair value hierarchy during the nine months ended September 30, 2022 and the year ended December 31, 2021.

The Company's risk management policies are established to identify, analyze and manage the risks faced by the Company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Company's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, market risk and currency risk. These risks, and the actions taken to manage them, include:

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks, cash on deposit with fiat to cryptocurrency exchanges and from outstanding trade receivables. The Company minimizes credit risk associated with its cash balance substantially by dealing with financial institutions deemed to be reliable due to their history of operations. The Company assessed its credit risk to be low.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

**(c) Currency risk**

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2022, the Company had \$1,030,502 (December 31, 2021 - \$nil) cash that were denominated in US dollars.

**12. Financial Instruments (continued)**

**(d) Price risk**

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*(Expressed in Canadian Dollars, except per share amounts)*

The Company's net income or loss, and financial condition were subject to price risk due to fluctuations of the following:

Equity Price Risk

The Company is exposed to equity price risk through its equity investments and unfavourable market conditions could result in dispositions of equity investments at less than favourable prices, especially during periods of overall market instability. The Company manages its equity price risk by having a portfolio of equity investments not singularly exposed to any one issuer.

**13. Supplemental Cash Flow Information**

The Company paid \$Nil (September 30, 2021 - \$nil) in income taxes and paid \$713 in cash for interest expense during the nine months ended September 30, 2022 (September 30, 2021 - \$nil).

**14. Earnings (Loss) Per Share**

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2022 and 2021

	Three Months Ended		Nine Months Ended	
	September 30,2022	September 30,2021	September 30, 2022	September 30, 2021
<b>Numerator</b>				
Net income (loss) for the period	\$ 98,753	\$ (392,068)	\$ (804,300)	\$ (801,891)
<b>Denominator</b>				
Basic – weighted average number of shares outstanding	21,811,241	4,856,589	19,203,666	4,856,589
Effect of dilutive securities		-	-	
Diluted – adjusted weighted average number of shares outstanding	21,811,241	4,856,589	19,203,666	4,856,589
Earnings (loss) per share – basic and diluted	\$ 0.00	\$ (0.08)	\$ (0.04)	\$ (0.17)

The basic earnings (loss) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the nine months ended September 30, 2022 and the year ended December 31, 2021 as the warrants and stock options were anti-dilutive.

**15. Related Party Transactions**

During the three and nine months ended September 30, 2022 and 2021, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

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*(Expressed in Canadian Dollars, except per share amounts)*

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Management (current and former)	\$ 2,625	\$ 71,250	\$ 84,000	\$ 381,750
Directors (current and former)	2,200	21,710	14,820	41,680
	\$ 4,825	\$ 92,960	\$ 98,820	\$ 423,430

**Due to Related Parties**

As at September 30, 2022 and December 31, 2021, the Company has the following amounts due to related parties:

	September 30, 2022	December 31, 2021
Accounts payable and accrued liabilities	\$ Nil	\$ 152,031