# TWO HANDS CORPORATION
# MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2024
# (IN UNITED STATES DOLLARS UNLESS OTHERWISE STATED)

Two Hands Corporation (the "Company") was incorporated in the state of Delaware on April 3, 2009 and on July 26, 2016, changed its name from Innovative Product Opportunities Inc. to Two Hands Corporation.

The Two Hands co-parenting application launched on July 2018 and the Two Hands Gone application launched In February 2019. The Company ceased work on these applications in 2021.

The gocart.city online consumer grocery delivery application was released in early June 2020 and Cuore Food Services commenced sale of dry goods and produce to other businesses in July 2020.

In July 2021, the Company made the strategic decision to focus exclusively on the grocery market through three on-demand branches of its grocery businesses: gocart.city, Grocery Originals, and Cuore Food Services. All three of such branches of the Company's business share industry standard warehouse storage space and inventory. The Company's inventory is updated continuously and generally consists of produce, meats, pantry items, bakery & pastry goods, gluten-free goods, and organic items, acquired from various different suppliers in Canada and internationally, with whom the Company and its principals have cultivated long-term relationships.

On May 1, 2023, the Company sold its gocarty.city and Grocery Originals branches.

**Cuore Food Services**
Cuore Food Services is the Company's wholesale food distribution branch. Cuore Food Services uses inventory from the Company's warehouse as well as inventory it acquires on an ad hoc basis, and focuses on bulk delivery of goods to food service business such as restaurants, hotels, event planning/hosting businesses. Orders distributed through Cuore Food Services can be made over the phone or online through a different front-end of the gocart.city platform.

The Company continued Cuore Food Services after May 1, 2023.

**gocart.city**
gocart.city is the Company's online delivery marketplace, allowing consumers to shop online and have their groceries delivered. The gocart.city online platform stores all inventory in the Company's warehouse located at its head office in Mississauga. The aim of gocart.city is to deliver fresh and high-quality food products directly to retail consumers throughout Southern Ontario. The Company recently engaged local renowned chef, Grace DiFede, to curate a new line of meal kits and bundles to sell on the gocart.city platform alongside the Company's other grocery essentials.

The gocart.city platform is available online and through applications for handheld devices supporting iOS or Android. The features and functions of gocart.city include customers having the ability to search for products by category and name, customers saving items in their cart and being able to share their cart with others, and being able to opt-in to digital weekly alerts that provide information on promotions and discounts on certain products. gocart.city also includes standard payment options for customers, such as PayPal, American Express and Visa.

The Company also employs a social media manager to oversee and increase engagement with customers by using platforms such as Facebook, Twitter, Instagram and Google. The ads that are posted on these platforms are generic branding related to the Company, as well as the promotion of particular sale items. Moreover, the Company has agreements with SRAX, Inc. and Adfuel Media Inc. to boost such engagement.

**Management's Plan of Operation**

The Company is focused exclusively on the grocery market through its on-demand grocery business: Cuore Food Services.

**Products and Services**

The Company plans to continue expanding its reach to additional customers and geographies across Canada while enhancing its product line with a focus on Italian staples, including pasta, oils, olives, and canned tomatoes.

**Operations and Logistics**

The company plans to expand storage and warehousing, expand warehouse staff, add more delivery trucks and expand the delivery area.

**Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the Financial Statements and accompanying notes. Estimates are used for, but not limited to, the accounting for the allowance for doubtful accounts, inventories, impairment of long-term assets, stock-based compensation, derivatives, income taxes and loss contingencies. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies, among others, may be impacted significantly by judgment, assumptions and estimates used in the preparation of the Financial Statements:

STOCK-BASED COMPENSATION

The Company accounts for stock incentive awards issued to employees and non-employees in accordance with FASB ASC 718, Stock Compensation. Accordingly, stock-based compensation is measured at the grant date, based on the fair value of the award. Stock-based awards to employees are recognized as an expense over the requisite service period, or upon the occurrence of certain vesting events. Additionally, stock-based awards to non-employees are expensed over the period in which the related services are rendered.

REVENUE RECOGNITION

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which we expect to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which we determine revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which we expect to be entitled in exchange for those goods or services. ASC 606 requires us to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, we satisfy the performance obligation. We recognize revenue for the sale of our products upon delivery to a customer.

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40). This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2023, which means it will be effective for our fiscal year beginning January 1, 2024. The Company recognizes there will be an impact on how conversions are calculated which may require recognition of gains or losses. However, the Company believes, through their evaluation, there is no material impact this new guidance will have on its financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment’s profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. The Company is currently evaluating the provisions of the amendments and the impact on its financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the provisions of the amendments and the impact on its financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

COMPARISON OF RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

**Sales, Cost of goods sold, Gross profit:**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Sales | 163,477 | 175,445 | (11,968 | (7) |
| Cost of goods sold | 148,488 | 159,996 | (11,508) | (7) |
| Gross profit | 14,989 | 15,449 | (460) | (3) |
| Gross profit % | 9.2% | 8.8% | | |

**Breakdown of sales by branch:**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| gocart.city – online delivery | — | 12,805 | (12,805) | (100) |
| Grocery Originals and Cuore Food Service – retail and wholesale distribution | 163,477 | 162,640 | 837 | 1 |
| Total sales | 163,477 | 175,445 | (11,968) | (7) |

The gocart.city grocery delivery application was released in early June 2020 and gocart.city wholesale commenced sale of dry goods and produce to other businesses in July 2020. Our revenue from gocart.city – online delivery was primarily due to the recognition of revenue from expired grocery vouchers. gocart.city – online delivery was sold on May 1, 2023.

Sales and gross profit percentage is consistent from 2023 to 2024.

**Operating expenses:**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Salaries and benefits | 163,000 | 195,571 | (32,571) | (17) |
| Occupancy expense | 10,564 | 18,427 | (7,863) | (43) |
| Advertising and travel | (33,043) | 6,595 | (39,638) | (601) |
| Auto expenses | 5,058 | 8,121 | (3,063) | (38) |
| Consulting | 77,094 | 60,081 | 17,013 | 28 |
| Depreciation and Amortization | 2,966 | 3,305 | (339) | (10) |
| Bad debt | 2,633 | 3,003 | (370) | (12) |
| Office and general expenses | 17,115 | 13,325 | 3,790 | 28 |
| Professional fees | 56,870 | 52,597 | 4,273 | 8 |
| Freight and delivery | 2,933 | 4,681 | (1,748) | (37) |
| Total operating expenses | 305,190 | 365,706 | (60,516) | (17) |

Our total operating expenses for the three months ended March 31, 2024 was $305,190, compared to $365,706, for the three months ended March 31, 2023, respectively. The decrease in total operating expense is primarily due to a $60,000 recovery on a service contract.

Salaries and benefits for the three months ended March 31, 2024 and 2023, comprise primarily of accrued but unpaid salary due to Nadav Elituv, our Chief Executive Officer, of $150,000 and $150,000, respectively.

For the three months ended March 31, 2024, consulting comprises primarily of (i) $53,374 for consulting fees payable under a consulting agreement with 2130555 Ontario Limited, a Company controlled by Nadav Elituv and (ii) $23,720 paid to contractors to manage our grocery business The amount paid to contractors managing our grocery business increased in 2024 due to fewer employees being paid on regular payroll.

For the three months ended March 31, 2023, consulting comprises primarily of (i) $48,787 for consulting fees payable under a consulting agreement with 2130555 Ontario Limited, a Company controlled by Nadav Elituv and (ii) $11,294 paid to contractors to manage our grocery business.

On January 1, 2024, entered into a consulting agreement to pay 2130555 Ontario Limited, a Company controlled by Nadav Elituv, a monthly consulting fee of CAD $24,000 per month for services for the period from January 1, 2024 to December 31, 2024.

**Other income (expense):**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Amortization of debt discount and interest expense | (41,810) | (37,677) | (4,133) | 11 |
| Loss on settlement of non-redeemable convertible notes | (450,135) | (117,550) | (332,585) | 283 |
| Total operating expenses | (491,945) | (155,227) | (336,718) | 217 |

Amortization of debt discount and interest expense for the three months ended March 31, 2024 was $41,810, compared to $37,677 for the three months ended March 31, 2023. Amortization of debt discount and interest expense relates to the issuance of non-redeemable convertible notes and promissory notes.

During the three months ended March 31, 2024 and 2023, the Company elected to convert $5,865 and $4,150 of principal and interest of a non-redeemable convertible note into 58,650,000 and 41,500 shares of common stock of the Company resulting in a loss on settlement of debt of $450,135 and $117,550, respectively.

**Net loss for the period:**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Net loss for the period | (782,146) | (505,484) | (276,662) | 55 |

Our net loss for the three months ended March 31, 2024 was $782,146, compared to $505,484 for the three months ended March 31, 2023, respectively. Our losses during the three months ended March 31, 2024 and 2023 are primarily due to costs associated with professional fees, compensation due to our CEO, interest expense and loss on settlement of non-redeemable convertible notes.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly information that has been derived from the financial statements of the Company. This summary should be read in conjunction with the consolidated financial statements of the Company.

| **Quarter Ended** | **March 31, 2024** | **December 31, 2023** | **September 30, 2023** | **June 30, 2023** | **March 31, 2023** | **December 31, 2022** | **September 30, 2022** | **June 30, 2022** |
|---|---|---|---|---|---|---|---|---|
| **Sales** | $ 163,477 | $ 198,266 | $ 212,453 | $ 197,324 | $ 175,446 | $ 168,790 | $ 172,782 | $ 190,691 |
| **Gross profit** | $ 14,989 | $ (20,815) | $ 55,262 | $ 12,216 | $ 15,449 | $ 21,299 | $ 13,659 | $ (6,278) |
| **Operating expenses** | $ (305,190) | $ (391,043) | $ (307,223) | $ (277,327) | $ (365,706) | $ (2,759,699) | $ (304,452) | $ (14,021,263) |
| **Other income (expense)** | $ (491,945) | $ (6,151,405) | $ (313,869) | $ (263,974) | $ (155,227) | $ (194,174) | $ (768,587) | $ (2,320,020) |
| **Net loss for the period** | $ (782,146) | $ (6,563,263) | $ (565,830) | $ (529,085) | $ (505,484) | $ (2,932,573) | $ (1,059,380) | $ (16,347,561) |
| **Basic net income (loss) per share** | $ (0.01) | $ (0.17) | $ 1.33 | $ (0.00) | $ (0.00) | $ (20.00) | $ (10.00) | $ (180.00) |
| **Diluted net loss per share** | $ (0.01) | $ (0.17) | $ (0.01) | $ (0.00) | $ (0.00) | $ (20.00) | $ (10.00) | $ (180.00) |

LIQUIDITY AND CAPITAL RESOURCES

**For the three months ended March 31, 2024**

**Cash flows used in operating activities**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Net cash used in operating activities | (134,196) | (198,659) | 64,463 | (32) |

Our net cash used in operating activities for the three months ended March 31, 2024 and 2023 is $134,196 and $198,659, respectively. Our net loss for the three months ended March 31, 2024 of $782,146 was the main contributing factor for our negative cash flow. We were able to mostly offset the cash used in operating activities by using our stock to pay for expenses such as, amortization of debt discount of $41,810 and loss on debt settlement of $450,135.

**Cash flows used in investing activities**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Net cash used in investing activities | — | — | — | — |

**Cash flows from financing activities**

| | Three months ended March 31, | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | $ | $ | $ | % |
| Net cash from financing activities | 121,655 | 182,727 | (61,072) | (33) |

Our net cash provided by financing activities for the three months ended March 31, 2024 and 2023 is $121,655 and $182,727, respectively.

During the three months ended March 31, 2024, the Company received $101,822 (CAD $137,356) in cash from its line of credit with The Cellular Connection Ltd. dated April 14, 2022, net cash advances from related party of $24,255. The cash advances are non-interest bearing, unsecured and have no specific terms of repayment.

As of March 31, 2024, we had cash of $11,360, working capital (deficiency) of $(1,966,532) and total liabilities of $2,951,567.

Our working capital as of March 31, 2024 and December 31, 2023 is as follows:

| | **March 31, 2024** | **December 31, 2023** |
|---|---|---|
| Current assets | $ 206,421 | $ 169,481 |
| Current liabilities | 2,172,953 | 2,158,619 |
| Working capital (Deficiency) | $ (1,966,532) | $ (1,989,138) |

The Company is continuing to focus improving cash flows from operations by reducing incentives to customers, by making purchases from different suppliers, accelerating the collection of accounts receivable, reducing expenses, managing accounts payable balances and by paying our officers, directors, consultants and staff with our stock.

The Company's financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. During the three months ended March 31, 2024, the Company incurred a net loss of $782,146 and used cash in operating activities of $134,196, and on March 31, 2024, had stockholders' deficit of $2,799,656 and an accumulated deficit of $92,868,324. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. The Company's independent registered public accounting firm, in their report on the Company's financial statements for the year ended December 31, 2023, contains an explanatory paragraph regarding the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might result from the outcome of this uncertainty should we be unable to continue as a going concern.

Over the next 12 months we expect to spend approximately $368,000 in cash for operations, legal, accounting and related services and to implement our business plan. We hope to be able to compensate our independent contractors with stock-based compensation, which will not require us to use our cash, although there can be no assurances that we will be successful in these efforts.

| | **Cash Required to Implement of Business Plan** |
|---|---|
| General and Administration | $ 268,000 |
| Operations | 100,000 |
| **Total Estimated Cash Expenditures** | $ 368,000 |

On April 14, 2022, the Company entered into a binding Line of Credit with The Cellular Connection Ltd. Pursuant to the Line of Credit, the Company can borrow from the Lender up to CAD $0 (CAD $750,000 available on the Line of Credit less CAD $917,693 of funds drawn and outstanding on March 31, 2024) in principal. The Lender has provided verbal assurances that the Company may continue to borrow additional funds at the same terms as the Line of Credit. From April 1, 2024 to May 10, 2024, the Company received cash advances of $26,116 (CAD$35,364) from the Lender. These is no guarantee that the Lender will continue to advance cash to the Company. If required, we expect to be able to secure additional capital through advances from our Chief Executive Officer, note holders, shareholders and others in order to pay expenses such as organizational costs, filing fees, accounting fees and legal fees, however, we do not have any written or oral agreements with any other third parties which require them to fund our operations. Although there can be no assurances that we will be able to obtain such funds in the future, the Company has been able to secure financing to continue operations since its inception on April 3, 2009. We are currently quoted on OTC Pink.. If we need additional capital in the next twelve months and if we cannot raise such capital on acceptable terms, we may have to curtail our operations or terminate our business entirely.

The inability to obtain financing or generate sufficient cash from operations could require us to reduce or eliminate expenditures for developing products and services, or otherwise curtail or discontinue our operations, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, to the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities may result in dilution to existing stockholders. If we raise additional funds through the issuance of debt securities, these securities may have rights, preferences and privileges senior to holders of our common stock and the terms of such debt could impose restrictions on our operations. Regardless of whether our cash assets prove to be inadequate to meet our operational needs, we may seek to compensate providers of services by issuing stock in lieu of cash, which may also result in dilution to existing stockholders.

Our common stock started trading over the counter and has been quoted on the Over-The Counter Bulletin Board since February 17, 2011. The stock currently trades under the symbol “TWOH.OB.”

Commitments for future capital expenditures on March 31, 2024 is as follows:

| | **Payments Due by Period** | | | | |
|---|---|---|---|---|---|
| **Contractual obligations** | Total<br>$ | Less than 1 year<br>$ | 1 - 3 years<br>$ | 4 – 5 years<br>$ | After 5 years<br>$ |
| Accounts payable and accrued liabilities | 517,745 | 517,745 | — | — | — |
| Debt | 1,899,071 | 1,646,543 | 252,528 | — | — |
| Deferred revenue | — | — | — | — | — |
| Non-redeemable convertible notes | 521,623 | — | 521,623 | — | — |
| Financial lease Obligations | — | — | — | — | — |
| Operating leases(1) | 13,128 | 8,665 | 4,463 | — | — |
| Purchase obligations | — | — | — | — | — |
| Total contractual obligations | 2,951,567 | 2,172,953 | 778,614 | — | — |

Notes:

(1) Leases for retail space, equipment and warehousing are currently month to month. Deliveries are currently outsourced.

OPERATING CAPITAL AND CAPITAL EXPENDITURE REQUIREMENTS

We are currently funding our operations by way of cash advances from our Chief Executive Officer, note holders, shareholders and others. We hope to be able to compensate our independent contractors with stock-based compensation, which will not require us to use our cash, although there can be no assurances that we will be successful in these efforts. On April 14, 2022, the Company entered into a binding Line of Credit with The Cellular Connection Ltd. Pursuant to the Line of Credit, the Company can borrow from the Lender up to up to CAD $0 (CAD $750,000 available on the Line of Credit less CAD $917,693 of funds drawn and outstanding on March 31, 2024) in principal. The Lender has provided verbal assurances that the Company may continue to borrow additional funds at the same terms as the Line of Credit. From April 1, 2024 to May 10, 2024, the Company received cash advances of $26,116 (CAD$35,364) from the Lender. These is no guarantee that the Lender will continue to advance cash to the Company. If required, we expect to be able to secure additional capital through advances from our Chief Executive Officer, note holders, shareholders and others in order to pay expenses such as organizational costs, filing fees, accounting fees and legal fees, however, we do not have any written or oral agreements with any other third parties which require them to fund our operations. The loans from our Chief Executive Officer, note holders, shareholders and others are unsecured and non-interest bearing and have no set terms of repayment. Our common stock started trading over the counter and has been quoted on the Over-The Counter Bulletin Board since February 17, 2011. The stock currently trades under the symbol “TWOH.OB.”

RELATED PARTY TRANSACTIONS

**Three months ended March 31, 2024 and 2023**

**Due to Related Party**

As of March 31, 2024 and December 31, 2023, advances and accrued salary of $805,273 and $883,534, respectively, were due to Nadav Elituv, the Company's Chief Executive Officer. The balance is non-interest bearing, unsecured and have no specified terms of repayment.

During the three months ended March 31, 2024, the Company issued advances due to related party for $24,255 for expenses paid on behalf of the Company and advances due to related party were repaid by the Company with $4,422 in cash. In addition, the Company accrued salary of $203,172 due to Nadav Elituv for services provided during the three months ended March 31, 2024. On February 26, 2024, the Company issued common stock to settle due to related party with a carrying value of $296,000 (Note 10).

During the three months ended March 31, 2023, the Company issued advances due to related party for $22,334 of expenses paid on behalf of the Company and advances due to related party were repaid by the Company with $15,356 in cash. In addition, the Company accrued salary of $198,787 due to Nadav Elituv for services provided during the three months ended March 31, 2023. On February 2, 2023, the Company issued common stock to settle due to related party with a carrying value of $188,871.

During the three months ended March 31, 2024 and 2023, the Company paid Linus Creative Services, a business controlled by Bradley Southam, a director of the Company, $0 and $2,661, respectively, for advertising services.

**Promissory Notes – Related Party**

As of March 31, 2024 and December 31, 2023, promissory note – related party of $0 and $0, respectively, were outstanding. The promissory notes – related party bear interest of 10% per annum, are unsecured, mature on December 31, 2025 and are due to 2130555 Ontario Limited, a Company controlled by Nadav Elituv, the Company's Chief Executive Officer. On February 2, 2023, the Company issued common stock to settle promissory note – related party and interest with a carrying value of $85,922.

Our policy with regard to transactions with related persons or entities is that such transactions must be on terms no less favorable than could be obtained from non-related persons.

The above related party transactions are not necessarily indicative of the amounts that would have been incurred had a comparable transaction been entered into with an independent party. The terms of these transactions were more favorable than would have been attained if the transactions were negotiated at arm's length.

PROPOSED TRANSACTIONS

The Company is not anticipating any transactions.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Refer to Note 2 in the consolidated financial statements for the three months ended March 31, 2024 for information on accounting policies.

FINANCIAL INSTRUMENTS

The main risks of the Company’s financial instrument are exposed to are credit risk, market risk, foreign exchange risk, and liquidity risk.

**Credit risk**

The Company’s credit risk is primarily attributable to trade receivables. Trade receivables comprise amounts due from other businesses from the sale of groceries and dry goods. The Company mitigates credit risk through approvals, limits and monitoring. The amounts disclosed in the consolidated balance sheet are net of allowances for expected credit losses, estimated by the Company’s management based on past experience and specific circumstances of the customer. The Company manages credit risk for cash by placing deposits at major Canadian financial institutions.

**Market risk**

value of financial instruments. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns. The Company's market risk consists of risks from changes in foreign exchange rates, interest rates and market prices that affect its financial liabilities, financial assets and future transactions.

Refer to Note 2 in the consolidated financial statements for the three months ended March 31, 2024 for information on market risk.

**Foreign Exchange risk**

Our revenue is derived from operations in Canada. Our consolidated financial statements are presented in U.S. dollars and our liabilities other than trade payables are primarily due in U.S. dollars. The revenue we earn in Canadian dollars is adversely impacted by the increase in the value of the U.S. dollar relative to the Canadian dollar.

**Liquidity risk**

Liquidity risk relates to the risk the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on our consolidated balance sheets consist of accounts payable and accrued liabilities, due to related party, notes payable, convertible notes, net, derivative liabilities, promissory notes, promissory notes – related party and non-redeemable convertible notes, Management monitors cash flow requirements and future cash flow forecasts to ensure it has access to funds through its existing cash and from operations to meet operational and financial obligations. The Company believes it has sufficient liquidity to meet its cash requirements for the next twelve months.

OUTSTANDING SHARE DATA

As of May 10, 2024, the following securities were outstanding:

Common stock: 380,815,629 shares
Series C Convertible Preferred Stock: 80,000

OFF-BALANCE SHEET TRANSACTIONS

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.