**VALDOR TECHNOLOGY INTERNATIONAL INC.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2023 and 2022

(Stated in US Dollars)

**VALDOR TECHNOLOGY INTERNATIONAL INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2023 and December 31, 2022
(Stated in US Dollars)

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT | | | |
| Cash | | 65,554 | 80,188 |
| Accounts receivable | | 39,819 | 32,610 |
| Loan receivable | 5 | 61,501 | 59,982 |
| | | 166,874 | 172,780 |
| **LIABILITIES** | | | |
| CURRENT | | | |
| Accounts payable and accrued liabilities | | 37,186 | 16,470 |
| Due to related parties | 6 | 2,956 | 4,725 |
| Debentures | 7 | 33,252 | 33,225 |
| | | 73,394 | 54,420 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 8 | 25,198,874 | 25,198,874 |
| Contributed surplus | 8 | 5,910,749 | 5,910,749 |
| Accumulated other comprehensive loss | | (66,777) | (67,332) |
| Accumulated deficit | | (30,314,771) | (30,288,841) |
| Attributable to parent | | 728,075 | 753,450 |
| Non-controlling interest | | (634,595) | (635,090) |
| | | 93,480 | 118,360 |
| | | 166,874 | 172,780 |

Going Concern of Operations (Note 2b)
Fundamental Transactions (Note 13)

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

| | |
|---|---|
| *"Lucas Russell"* | *"Francis Rowe"* |
| Lucas Russell, Director | Francis Rowe, Director |

**VALDOR TECHNOLOGY INTERNATIONAL INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three months ended March 31, 2023 and 2022
(Stated in US Dollars)

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue | 10 | 68,522 | 58,811 |
| Direct costs | Schedule I | (59,502) | (53,980) |
| | | 9,020 | 4,831 |
| **EXPENSES** | | | |
| Administrative and general | Schedule II | 40,255 | 120,772 |
| **LOSS BEFORE OTHER ITEMS** | | (31,235) | (115,941) |
| Recovery of bad debt | | 5,800 | - |
| **NET LOSS FOR THE PERIOD** | | (25,435) | (115,941) |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Exchange differences on translating into presentation currency | | 555 | 30,022 |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | | (24,880) | (85,919) |
| **BASIC AND DILUTED LOSS PER SHARE** | | (0.00) | (0.00) |
| **WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC AND DILUTED** | | 65,922,033 | 65,922,033 |

For the three months ended March 31, 2023:

| Net Income (losses) attributable to: | Shareholders of parent | Non-controlling interest | Total |
|---|---|---|---|
| Net loss for the period | $ (25,930) | $ 495 | $ (25,435) |
| Total comprehensive loss for the period | $ (25,375) | $ 495 | $ (24,880) |

For the three months ended March 31, 2022:

| Net Income (losses) attributable to: | Shareholders of parent | Non-controlling interest | Total |
|---|---|---|---|
| Net loss for the period | $ (116,199) | $ 258 | $ (115,941) |
| Total comprehensive loss for the period | $ (86,177) | $ 258 | $ (85,919) |

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

**VALDOR TECHNOLOGY INTERNATIONAL INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2023 and 2022
(Stated in US Dollars)

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **CASH PROVIDED FROM (UTILIZED FOR):** | | |
| **OPERATING ACTIVITIES** | | |
| Net loss for the period from continuing operations | (25,435) | (115,941) |
| Charges to net loss not affecting cash: | | |
| Interest income | (1,471) | - |
| Foreign exchange | 1,337 | 22,729 |
| | (25,569) | (93,212) |
| Changes in non-cash working capital balances: | | |
| Accounts receivable | (7,196) | (6,968) |
| Accounts payable and accrued liabilities | 18,100 | 5,430 |
| | (14,665) | (94,750) |
| **INVESTING ACTIVITIES** | | |
| Line of credit | - | (200,064) |
| | - | (200,064) |
| Effect of unrealized foreign exchange gain on cash | 31 | 7,827 |
| **DECREASE IN CASH DURING THE PERIOD** | (14,634) | (286,987) |
| Cash, beginning of the period | 80,188 | 697,196 |
| **CASH, END OF THE PERIOD** | 65,554 | 410,209 |

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

**VALDOR TECHNOLOGY INTERNATIONAL INC.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2023 and 2022
(Stated in US Dollars)

| | Share capital | | Equity portion of convertible debentures | Contributed Surplus | Accumulated Other Comprehensive Income (loss) | Accumulated Deficit | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Issued Shares | Amount | | | | | | |
| | # | $ | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2021** | 65,922,033 | 25,198,874 | 45,385 | 5,434,017 | 54,365 | (29,455,730) | (635,166) | 641,745 |
| Exchange differences on translating to presentation currency | - | - | - | - | 30,022 | - | - | 30,022 |
| Net loss for the period | - | - | - | - | - | (116,199) | 258 | (115,941) |
| **Balance, March 31, 2022** | 65,922,033 | 25,198,874 | 45,385 | 5,434,017 | 84,387 | (29,571,929) | (634,908) | 555,826 |
| **Balance, December 31, 2022** | 65,922,033 | 25,198,874 | - | 5,910,749 | (67,332) | (30,288,841) | (635,090) | 118,360 |
| Exchange differences on translating to presentation currency | - | - | - | - | 555 | - | - | 555 |
| Net loss for the period | - | - | - | - | - | (25,930) | 495 | (25,435) |
| **Balance, March 31, 2023** | 65,922,033 | 25,198,874 | - | 5,910,749 | (66,777) | (30,314,771) | (634,595) | 93,480 |

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

## NOTE 1 - NATURE OF OPERATIONS

The Company was incorporated under the British Columbia Company Act on March 19, 1984 and is publicly traded on the Canadian Securities Exchange. During the years ended December 31, 2022 and 2021, the Company's principal business was developing, manufacturing and marketing of fiber optic products. The address of the Company's corporate office is 810-789 West Pender Street, Vancouver, BC V6C 1H2.

On December 1, 2022, the Company entered into a binding letter of intent (the "LOI") with 1000175307 Ontario Ltd. ("1000175307") which contemplates the acquisition by Valdor of all of the issued and outstanding common shares of 1000175307 (the "1000175307 Transaction") from the shareholders of 1000175307. 1000175307 is party to a letter of intent that contemplates a transaction pursuant to which 1000175307 may have the option to acquire a 90% interest in and to mining rights located in South America. (Note 13).

On December 16, 2021, the Company entered into a share purchase agreement (the "SPA") with Layer 2 Ventures Ltd. ("Layer 2") and the Layer 2 shareholders respecting the acquisition by the Company of all of the issued and outstanding shares of Layer 2 (the "Layer 2 Transaction"). As consideration, the Company will issue an aggregate of 16,666,667 common shares (the "Consideration Shares") at CAD$0.30 per share, representing aggregate consideration of CAD$5,000,000. As at the financial statement date, the Layer 2 Transaction has been terminated (Note 13).

## NOTE 2 - BASIS OF PREPARATION

### a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual consolidated financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2022.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2023.

### b) Going Concern of Operations

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at March 31, 2023, the Company has not achieved profitable operations, has accumulated losses of $30,314,771 (2022 - $30,288,841) since inception and expects to incur further losses in the development of its business which is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### c) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from

## NOTE 2 - BASIS OF PREPARATION (Continued)

### c) Basis of Measurement (Continued)

other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and fair value through other comprehensive income. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements are presented in US dollars.

## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the preparation of the Company's annual audited consolidated financial statements for the year ended December 31, 2022.

The Company's significant accounting policies are disclosed in Note 3 to the annual audited consolidated financial statements and these condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited condensed interim consolidated financial statements for the year ended December 31, 2022.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023. The Company has reviewed these updates and determined that many of these updates are not applicable to or consequential to the Company and have been excluded from discussion within significant accounting policies.

## NOTE 4 - USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are included in the following notes:

### a) Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in Note 2(b).

### b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of tax assets not recognized. Tax assets not recognized are based on estimates of the probability of the Company utilizing certain tax pools and losses in future periods.

## NOTE 4 - USE OF ESTIMATES AND JUDGMENTS (Continued)

### c) Functional Currency

The analysis of the functional currency for each entity of the Company is a significant judgment. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of the US subsidiaries, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

### d) Write-Off of Accounts Payable

Assessing the likelihood for which certain of the Company's accounts remain payable requires significant judgment. In determining whether any contractual liability remains where no settlement or release arrangement exists, management applies the statute of limitations.

### e) Valuation of Share-Based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

## NOTE 5 - LINE OF CREDIT

In connection with the Layer 2 Transaction (Note 1), the Company has provided a "line of credit" (the "Loan") to Layer 2 for up to $200,064 (CDN$250,000) pursuant to a loan agreement and general security agreement between the Company and Layer 2 dated December 16, 2021. The Company entered into an amending agreement on June 3, 2022 and increased the Loan to $217,273 (CDN$280,000). The Loan is secured, bears interest at 10% per annum, and is repayable by Layer 2 on the earlier of December 16, 2023 and the date which is 30 days after the termination of the SPA. During the year ended December 31, 2022, the Company recorded interest income of $20,183 and recorded a loan receivable provision of $235,357 due to collection uncertainty.

*Loan Receivable*

In connection with the 1000175307 Transaction (Note 1), the Company will make a loan (the "Loan") to 1000175307 for up to CDN$100,000 (advanced $59,982 (CDN$80,718) during the year ended December 31, 2022) pursuant to a loan agreement and general security agreement between the Company and 1000175307 dated December 21, 2022. The Loan is secured, bears interest at 10% per annum, and is repayable by 1000175307 on or before the date (the "Maturity Date") which is 30 days after: (a) the date of termination of the LOI (unless the LOI is terminated in conjunction with the execution of the Definitive Agreement) or the Definitive Agreement; or (b) the date that is two (2) years following the Effective Date; provided however that the Company will forgive CDN$20,000 of the unpaid Loan Amount if 1000175307 has repaid the remaining aggregate unpaid Loan Amount together with all accrued and unpaid interest on or prior to the Maturity Date. During the period ended March 31, 2023, the Company recorded interest income of $1,471 (2022 - $Nil).

## NOTE 6 - DUE TO RELATED PARTIES

Due to related parties, representing amounts due to current directors and officers of the Company and companies controlled by directors and officers, are non-interest bearing, unsecured and are due on demand.

## NOTE 7 - DEBENTURES

During the year ended December 31, 2014, the Company issued CDN$401,000 convertible debentures of which 20% of the principal amount of the debentures may be convertible into units consisting of one common share and one non-transferable share purchase warrant at CDN$0.10 of principal outstanding (i.e. up to 802,000 units may be issued upon conversion). Each warrant has a term of three years from the date of issuance of the debentures and entitle the holder to purchase one common share. The non-transferable share purchase warrants are exercisable at the price of CDN$0.20 per share. The convertible debentures are unsecured, bear interest at 12% per annum and matured on February 18, 2017. The Company defaulted on the repayment. On initial recognition, the Company bifurcated CDN$49,710 to equity and CDN$351,290 to the carrying value of the loan, which was accreted to CDN$401,000 over the term of the convertible debentures. During the year ended December 31, 2022, the Company recognized interest of $Nil (CDN $Nil) (December 31, 2021: $Nil (CDN $Nil)).

(Stated in US Dollars)

## NOTE 7 - DEBENTURES (Continued)

On November 30, 2018, the Company entered into loan amendment agreements with respect to CDN $351,290 of the balances outstanding, whereby the Company agreed to repay 10% of the principal amount owing and agreed to repay the remaining 90% within three days of the Company completing a private placement of common shares to raise gross proceeds in the minimum amount of $400,000. The lenders also agreed to waive all accrued and future interest and agreed to the termination of the conversion option. During the year ended December 31, 2022, the Company reclassified $45,385 from equity portion of convertible debenture to accumulated deficit.

In February 2021, the Company paid cash to settle $254,163 (CDN$318,500) of convertible debt. A summary of the convertible debenture balance is shown below:

| | Liability<br>$ | Equity<br>$ | Total<br>$ |
|---|---|---|---|
| **Balance, December 31, 2021** | 35,496 | 45,385 | 80,881 |
| Conversion feature termination | - | (45,385) | (45,385) |
| Foreign exchange | (2,271) | - | (2,271) |
| **Balance, December 31, 2022** | 33,225 | - | 33,225 |
| Foreign exchange | 27 | - | 27 |
| **Balance, March 31, 2023** | 33,252 | - | 33,252 |

## NOTE 8 - SHARE CAPITAL

**a) Authorized:**

Unlimited common shares without par value

50,000,000 preferred shares without par value

Nature and Purpose of Equity and Reserves:

The reserves recorded in equity on the Company's condensed interim consolidated statements of financial position include 'Contributed Surplus', 'Accumulated Other Comprehensive Income', 'Accumulated Deficit' and 'Non-Controlling Interest'.

'Contributed Surplus' is used to recognize the value of stock option grants prior to exercise and the allocated value of the warrants issued as part of unit issuances.

'Accumulated Other Comprehensive Income' is used to record the change in cumulative foreign currency adjustment on conversion from the functional currency of the parent company to the presentation currency.

'Accumulated Deficit' is used to record the Company's change in deficit from profits or losses from year to year.

'Non-Controlling Interest' is used to record the change in equity in subsidiaries not attributable, directly or indirectly, to the Company.

**b) Issued:**

Shares issued during the periods ended March 31, 2022 and 2023

No shares were issued during the periods ended March 31, 2022 and 2023.

**c) Commitments**

Stock-Based Compensation Plan

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be

(Stated in US Dollars)

## NOTE 8 - SHARE CAPITAL (Continued)

### c) Commitments (Continued)

Stock-Based Compensation Plan (Continued)

granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

The Company has granted employees and directors common share purchase options. These options are granted with an exercise price in accordance with the stock option plan.

A summary of the status of the stock options as of March 31, 2023 and December 31, 2022 and changes during the years then ended on those dates is presented below:

| | Number of options | Weighted average exercise price $ |
|---|---|---|
| **Balance, January 1, 2022** | 6,550,000 | CDN$0.30 |
| Granted | 6,550,000 | CDN$0.10 |
| Expired | (50,000) | CDN$0.30 |
| **Balance, December 31, 2022 and March 31, 2023** | 13,050,000 | CDN$0.30 |

As at December 31, 2022 and March 31, 2023, the Company has 13,050,000 options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

| Expiry date | Exercise price $ | Outstanding | Exercisable |
|---|---|---|---|
| December 1, 2026 | CDN $0.30 | 6,500,000 | 6,500,000 |
| September 19, 2027 | CDN $0.10 | 6,550,000 | 6,550,000 |
| **Total** | | 13,050,000 | 13,050,000 |

As of March 31, 2023, the 13,050,000 (December 31, 2022 – 13,050,000) options outstanding have a weighted average remaining contractual life of 4.08 (December 31, 2022 – 4.32) years.

During the year ended December 31, 2022, the Company recorded stock-based compensation expense of $476,732 for stock options vested during the year. The fair value of share purchase options granted was estimated on the grant date of September 19, 2022 using the Black Scholes Option Pricing Model. The weighted average assumptions used in calculating fair value of options granted were as follows: CDN$0.095 share price on grant date, 3.41% risk free rate, 0% dividend yield, 263.33% expected annualized volatility, 5.00 years expected stock option life and 0% forfeiture rate. Expected annualized volatility was estimated by reference to historical volatility of the Company with a comparable period in their lives.

Share Purchase Warrants

A summary of the status of share purchase warrants as of March 31, 2023 and December 31, 2022 and changes during the periods then ended on those dates is presented below:

| | Warrants Outstanding Numbers | Weighted average exercise price $ |
|---|---|---|
| **Balance, January 1, 2022** | 60,000,000 | CDN 0.30 |
| Issued | - | - |
| **Balance, December 31, 2022 and March 31, 2023** | 60,000,000 | CDN 0.12 |

(Stated in US Dollars)

## NOTE 8 - SHARE CAPITAL (Continued)

### c) Commitments (Continued)

Share Purchase Warrants (Continued)

At December 31, 2022 and March 31, 2023, the Company has 60,000,000 share purchase warrants outstanding and exercisable as follows:

| Expiry date | Exercise price $ | Number of warrants |
|---|---|---|
| February 8, 2026 | CDN $0.10 | 53,800,000 |
| February 8, 2026 | CDN $0.30 | 6,200,000 |
| **Total** | | 60,000,000 |

The Company announced the amendment of the exercise price of a total of 53,800,000 share purchase warrants of the Company (the "Amended Warrants"). Each Amended Warrant is exercisable for one common share in the capital of the Company (each, a "Share") at an exercise price of $0.10 per Share, reduced from the original exercise price of $0.30 per Share.

## NOTE 9 - RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility for planning and controlling the activities of the Company. Key management of the Company are considered directors and officers. The Company incurred the following expenses with directors and officers of the Company and companies controlled by the directors:

| Key management compensation | March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|
| Consulting fees | - | 7,503 |
| Management fees | 6,654 | 8,293 |
| | 6,654 | 15,796 |

## NOTE 10 - SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

During the periods ended March 31, 2023 and 2022, the Company had one reportable segment.

During the periods ended March 31, 2023, the Company was economically dependent on one (2022: two) customer(s) who accounted for more than 10% of revenue and in aggregate accounted for 91% (2022: 96%) of sales.

During the periods ended March 31, 2023 and 2022, all of the revenue was generated from the sale of products.

The Company's revenues are allocated to geographic segments for the periods ended March 31, 2023 and 2022 as follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| United States of America | 68,522 | 58,811 |

(Stated in US Dollars)

**NOTE 10 - SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE (Continued)**

The Company's net loss are allocated to geographic segments for the periods ended March 31, 2023 and 2022 as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Canada | (33,685) | (120,236) |
| United States of America | 8,250 | 4,295 |
| | (25,435) | (115,941) |

**NOTE 11 - FINANCIAL INSTRUMENTS**

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, loans payable, convertible debentures, and due to related parties approximate their fair values due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**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. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the condensed interim consolidated statements of financial position.

The aging analysis of accounts receivable is as follows:

| | March 31, 2023<br>$ | December 31, 2022<br>$ |
|---|---|---|
| Current to 3 months | 21,909 | 16,249 |
| Trade receivables | 21,909 | 16,249 |
| Goods and services tax recoverable | 17,910 | 16,361 |
| | 39,819 | 32,610 |

Trade accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the counterparty to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

**b) Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at March 31, 2023, the Company has a working capital of $93,480 (December 31, 2022 – $118,360). There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

**NOTE 11 - FINANCIAL INSTRUMENTS (Continued)**

**c) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

**d) Foreign Currency Risk**

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are carried out in the United States of America; however the majority of financing is carried out in Canada. The parent company's operations are in Canada and operate in Canadian dollars. As at March 31, 2023, the Company has Canadian dollars cash of CDN$9,029, accounts receivable of CDN$24,238, loan receivable of CAD$83,229, accounts payable of CDN$52,926 and debentures payable of CDN$45,000. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the ultimate profitability of the Company. A 10% change in the exchange rate would change other comprehensive income by approximately USD$3,000 (2022 - $20,000). The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

**NOTE 12 - MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its main source of operating capital and the Company's capital resources are largely determined by the strength of the technology and telecommunications markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support.

The Company is not subject to any external capital requirements. There is no change to the Company's approach to capital management since the year ended December 31, 2022.

**NOTE 13 - FUNDAMENTAL TRANSACTIONS**

*Proposed Fundamental Transaction - 1000175307*

On December 1, 2022, the Company entered into a binding letter of intent (the "LOI") with 1000175307 Ontario Ltd. ("1000175307") which contemplates the acquisition by Valdor of all of the issued and outstanding common shares of 1000175307 (the "1000175307 Transaction") from the shareholders of 1000175307. 1000175307 is party to a letter of intent that contemplates a transaction pursuant to which 1000175307 may have the option to acquire a 90% interest in and to mining rights located in South America.

As consideration under the 1000175307 Transaction, Valdor will issue an aggregate of 72,000,000 common shares in the capital of Valdor (the "Consideration Shares") at a deemed price of $0.10 per share, representing aggregate consideration of $7,200,000. In addition to any hold periods or escrow provisions imposed under applicable securities laws or stock exchange policies, it is expected that Consideration Shares will be subject to voluntary hold periods on substantially the following terms: 50% of the Consideration Shares shall be subject to a voluntary six month hold period following closing; and the remaining 50% of the Consideration Shares shall be subject to a voluntary 12 month hold period following closing.

In connection with the 1000175307 Transaction, Valdor intends to conduct a private placement financing (the "Private Placement") for aggregate gross proceeds of no less than $2,500,000 consisting of either (i) common shares in the capital of Valdor (each, a "Share"); or (ii) units (each, a "Unit") with each Unit being comprised of one Share and one

**NOTE 13 - FUNDAMENTAL TRANSACTIONS (Continued)**

*Proposed Fundamental Transaction - 1000175307 (Continued)*

Share purchase warrant (the “Warrants”), with each Warrant exercisable for one Share at a price of $0.50 per Warrant for a period of 2 years following closing of the Private Placement. The price per Unit or Share, as applicable, is expected to be no less than $0.10 per Share or Unit. The Company will determine, in the context of the market, if the Private Placement will consist of Shares or Units.

In addition, in connection with the 1000175307 Transaction, the Company will make a loan (the “Loan”) to 1000175307 for up to CDN$100,000 (advanced CDN$80,718 during the year ended December 31, 2022) pursuant to a loan agreement and general security agreement between the Company and 1000175307 dated December 21, 2022.

The Loan is secured, bears interest at 10% per annum, and is repayable by 1000175307 on or before the date (the “Maturity Date”) which is 30 days after: (a) the date of termination of the LOI (unless the LOI is terminated in conjunction with the execution of the Definitive Agreement) or the Definitive Agreement; or (b) the date that is two (2) years following the Effective Date; provided however that the Company will forgive CDN$20,000 of the unpaid Loan Amount if 1000175307 has repaid the remaining aggregate unpaid Loan Amount together with all accrued and unpaid interest on or prior to the Maturity Date.

*Terminated Proposed Fundamental Transaction – Layer 2*

On December 16, 2021, the Company entered into a share purchase agreement (the “SPA”) with Layer 2 Ventures Ltd. (“Layer 2”) and the Layer 2 shareholders respecting the acquisition by the Company of all of the issued and outstanding shares of Layer 2 (the “Layer 2 Transaction”). As consideration under the Transaction, the Company will issue an aggregate of 16,666,667 common shares (the “Consideration Shares”) at CDN$0.30 per share, representing aggregate consideration of CDN$5,000,000. In addition to any hold periods or escrow provisions imposed under applicable securities laws or stock exchange policies, the Consideration Shares will be subject to voluntary hold periods as follows: 50% of the Consideration Shares will be subject to a voluntary six month hold period from closing; and the remaining 50% of the Consideration Shares will be subject to a voluntary 12 month hold period from closing.

In connection with the Transaction, the Company, in its sole discretion, may conduct a private placement financing for gross proceeds of up to CDN$5,000,000 through the issuance of up to 16,666,667 units (each, a “Unit”) at a price of CDN$0.30 per Unit, with each Unit to be comprised of one common share and one warrant, each warrant exercisable for an additional common share at an exercise price of CDN$0.75 for two years after the date of issuance.

In addition, in connection with the Transaction, the Company will make a “line of credit” (the “Loan”) to Layer 2 for up to CDN$250,000 (advanced CDN$250,000 on January 7, 2022) pursuant to a loan agreement and general security agreement between the Company and Layer 2 dated December 16, 2021 and amending agreement dated June 3, 2022 for an additional advance of CDN$30,000 (advanced CDN$30,000 on June 2, 2022). The Loan is secured, bears interest at 10% per annum, and is repayable by Layer 2 on the earlier of December 16, 2023 and the date which is 30 days after the termination of the SPA.

The Transaction will be a “fundamental change” of the Company pursuant to the policies of the Canadian Securities Exchange (“CSE”), requiring approval from the CSE and approval of the Company’s shareholders.

During the year ended December 31, 2022, the Company agreed to terminate the transactions related to the acquisition of all of the issued and outstanding shares of Layer 2. The Company and Layer 2 have agreed to mutually terminate the agreement and the parties are negotiating settlement terms for the outstanding loan.

(Stated in US Dollars)

## SCHEDULE I
## CONSOLIDATED SCHEDULE OF DIRECT COSTS
For the three months ended March 31, 2023 and 2022

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **DIRECT COSTS** | | |
| Inventories recognized as an expense | - | 480 |
| Freight | 2 | - |
| Subcontractor | 59,500 | 53,500 |
| | 59,502 | 53,980 |

## SCHEDULE II
## CONSOLIDATED SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES
For the three months ended March 31, 2023 and 2022

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **ADMINISTRATIVE AND GENERAL EXPENSES** | | | |
| Consulting fees | | 4,436 | 46,991 |
| Legal and accounting fees | | 16,263 | 27,131 |
| Management fees | 9 | 6,654 | 8,293 |
| Office and miscellaneous | | 13,037 | 13,080 |
| Foreign exchange | | 1,336 | 18,468 |
| Interest income | | (1,471) | - |
| Stock exchange filing fees | | - | 6,809 |
| | | 40,255 | 120,772 |