

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of SBD Capital Corp. (the “Company”) for the six months ended September 30, 2023 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

Toronto, Ontario
November 21, 2023

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 AND MARCH 31, 2023
(Expressed in Canadian dollars)

	Note	September 30, 2023	March 31, 2023
Assets			
Current			
Cash and cash equivalents		\$ 4,147	\$ 27,539
Accounts receivable		49,723	49,770
GST/HST receivable		3,415	3,018
Prepaid expenses		12,512	21,927
Total assets		\$ 69,797	\$ 102,254
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 390,842	\$ 377,243
Loans and advances	5	142,517	138,874
Total liabilities		\$ 533,359	\$ 516,117
Shareholders' deficiency			
Capital stock	6(a)	36,235,874	36,235,874
Contributed surplus		11,685,886	11,685,886
Accumulated deficit		(48,385,322)	(48,335,623)
Total shareholders' deficiency		(463,562)	(413,863)
Total liabilities and shareholders' deficiency		\$ 69,797	\$ 102,254

Approved on behalf of the board:

"Chris Irvin" Director
"Trumbull Fisher" Director

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

SBD CAPITAL CORP.
INTERIM CONDENSED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Note	Three months ended September 30,		Three months ended September 30,	
		2023	2022	2023	2022
Revenue		\$ 7,595	\$ 3,726	\$ 9,938	\$ 6,369
Cost of goods sold		1,117	2,639	2,202	3,827
Gross margin		6,478	1,087	7,736	2,542
EXPENSES					
Bank charges		143	64	330	190
Consulting fees		7,500	30,000	15,000	30,000
Office, general and administrative		-	-	-	-
Storage costs		6,327	7,538	14,769	7,923
Professional fees		10,590	30,301	19,388	35,301
Transfer agent and filing fees		4,635	22,117	8,052	27,117
		29,195	90,020	57,539	100,531
Other Items					
Unrealized foreign currency translation loss		1,181	-	104	-
		(21,536)	(88,933)	(49,699)	(97,989)
Weighted average number of common shares outstanding basic and diluted		4,723,668	4,575,972	4,723,668	4,723,668
Net loss per share - basic and diluted	6	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.02)

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

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Capital Stock		Contributed surplus	Deficit	Total
	Note	Number of shares			
Balance - March 31, 2022		4,723,668	\$ 36,235,874	\$ 11,685,886	\$ (48,139,726) \$ (217,966)
Comprehensive loss for the period		-	-	-	(97,989) (97,989)
Balance - September 30, 2022		4,723,668	\$ 36,235,874	\$ 11,685,886	\$ (48,237,715) \$ (315,955)
Comprehensive loss for the period		-	-	-	(97,908) (97,908)
Balance - March 31, 2023		4,723,668	\$ 36,235,874	\$ 11,685,886	\$ (48,335,623) \$ (413,863)
Comprehensive loss for the period		-	-	-	(49,699) (49,699)
Balance - September 30, 2023		4,723,668	\$ 36,235,874	\$ 11,685,886	\$ (48,385,322) \$ (463,562)

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

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

<i>Six months ended September 30,</i>	2023		2022	
Operating activities				
Net loss for the period	\$	(49,699)	\$	(97,989)
Changes in non-cash working capital				
Accounts receivable		47		-
Prepaid expense		9,415		-
GST/HST receivable		(397)		(6,243)
Accounts payable and accrued liabilities		13,599		104,780
Net cash used in operating activities		(27,035)		548
Financing activities				
Increase in loans and advances		3,643		-
Net cash provided by financing activities		3,643		-
Net increase (decrease) in cash		(23,392)		548
Cash - beginning of period		27,539		13,740
Cash - end of period	\$	4,147	\$	14,288

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

SBD CAPITAL CORP.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED SEPTEMBER 30, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

SBD Capital Corp. (“the Company” or “SBD”) was incorporated under the Business Corporations Act (Ontario) on May 11, 1979 and was a company with exploration and evaluation assets in Canada. The Company was engaged in acquiring controlling interests in industrial companies in the manufacturing and distribution business sector. The Company's registered office is located at Suite 401, 217 Queen Street West, Toronto, ON M5V 0R2

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2023. These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company has negative operating cash flows, has a working capital deficiency at September 30, 2023 of \$463,562 (March 31, 2023 - \$413,863) and an accumulated deficit at September 30, 2023 of \$48,385,322 (March 31, 2023 - \$48,335,623). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed statement of financial position.

The outbreak of the novel strain of coronavirus, specifically identified as “COVID 19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

2. BASIS OF PRESENTATION

Statement of Compliance

- (a) These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with the International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Interpretations Committee using accounting policies consistent with International Financial Reporting Standards (“IFRS”). These unaudited interim condensed financial statements for the six months ended September 30, 2023 and 2022 should be read together with the annual financial statements as at and for the year ended March 31, 2023. The same accounting policies and methods of computation were followed in the preparation of these interim condensed financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended March 31, 2023.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (Cont'd)

(b) Basis of Measurement

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and Presentation Currency

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

(d) Basis of Consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiary, Secret Barrel Distillery Corporation. The financial statements of its subsidiary are included in the interim condensed consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

The cash generating unit of the Company is North America.

(e) Critical Accounting Estimates, Judgments, and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions 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 circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the interim condensed consolidated financial statements are as follows:

(i) Net realizable value of inventory:

Net realizable value for inventory is determined based on the selling price of the products in the normal course of operations. The selling price is impacted by several factors including, age and condition of the products, technical obsolescence, and market conditions in the customer's industry. Management estimates the selling price of inventory based on first-hand knowledge of the industry and the specific products held in inventory at year-end. These estimates will affect the carrying value of inventory and the amount of cost of goods sold.

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2. BASIS OF PRESENTATION (Cont'd)

(e) Critical Accounting Estimates, Judgments, and Assumptions (Cont'd)

(i) Allowance for doubtful accounts:

Accounts receivable are reviewed for collectability on a weekly basis. Management is required to make judgment whether a receivable balance is collectable based on their relationship with the counterparty and knowledge of the counterparty's financial position. These judgments will affect the reported amount of accounts receivable as well as bad debts expense.

(iii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

(iv) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

The significant areas of judgment considered by management in preparing the interim condensed consolidated financial statements are as follows:

(i) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

Inventory

The Company's inventory consists of saleable bottles of rum liquor. Inventory is valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method and includes the cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the completion of services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is derived from the sale of goods and is recognized at a point in time when the performance obligation is fulfilled, the price is fixed and reasonably determinable, and collection of the sales proceeds is reasonably assured. For sales transactions with provincial liquor boards, the Company's performance obligation is fulfilled when the product is shipped from the Company's distribution facilities.

Excise taxes collected on behalf of the provincial government, licensing fees, and levies paid are deducted from the selling price to determine the transaction price at which revenue is recognized.

Product which has passed its expiration date for freshness or has been damaged and is returned by distributors is accepted and destroyed.

Share Capital

Common shares and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise share options and warrants issued by the Company. The outstanding share options and warrants are not included in the diluted net loss per common share as they are anti-dilutive for all periods presented.

Stock-Based Compensation and Other Stock-Based Payments

The Company applies a fair value based method of accounting to all stock-based payments. Accordingly, stock-based payments for employees are measured at the fair value of the equity instruments issued and stock-based payments for non-employees are measured at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. Each tranche is considered a separate award with its own vesting period and fair value. Stock-based compensation is charged to the statement of comprehensive loss over the tranche's vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Warrants

For transactions involving the issuance of warrants, the Company measures these transactions at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. In the case of unit placements, the proceeds from the issuance of units is allocated between common shares and warrants on a pro-rata basis based on relative fair values. Share issuance costs incurred in connection with the issuance of share capital are netted against the proceeds received.

5. LOANS AND ADVANCES

As at September 30, 2023, the loans and advances balance is \$142,517 (March 31, 2023 - \$138,874). The loans and advances are non-interest bearing, have no specific terms of repayment.

6. CAPITAL STOCK

(a) **Common shares**

Authorized capital - Unlimited number of common shares
- Unlimited number of special shares
- 500,000 preference shares

(b) **Stock option plan and share-based compensation**

The Company has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

The following table summarizes information concerning the Company's stock options outstanding as at September 30, 2023:

Stock Option Transactions	Number	Exercise Price	Weighted Average Exercise Price
Balance at March 31, 2022	41,666	\$3.84	\$3.84
Options expired	(41,666)	\$3.84	\$3.84
Balance at September 30, 2023 and March 31, 2023	-	-	-

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(Unaudited)
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6. CAPITAL STOCK (Cont'd)

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended September 30, 2023:

	Number	Weighted-Average Exercise Price	Expiry Date
Balance at September 30, 2023 and March 31, 2023	2,650,000	\$0.60	

Date of Issuance	Number of Warrants	Exercise Price	Expiry Date
April 15, 2021	2,500,000	\$0.60	April 15, 2025
December 31, 2021	150,000	\$0.60	December 31, 2023

Basic and diluted loss per common share based on net loss:

Numerator:	September 30, 2023	September 30, 2022
Net loss for the period	\$(49,699)	\$(97,989)
Denominator:		
Weighted average number of common shares outstanding - diluted	4,723,668	4,723,668
Loss per common share based on net loss for the year:		
Basic	\$ (0.01)	\$ (0.02)
Diluted	\$ (0.01)	\$ (0.02)

Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at September 30, 2023 and March 31, 2023:

	September 30, 2023	March 31, 2023
Common shares outstanding	4,723,668	4,723,668
Warrants to purchase common shares	2,650,000	2,650,000
Fully diluted common shares outstanding	7,373,668	7,373,668

SBD CAPITAL CORP.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)
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7. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	September 30, 2023	September 30, 2022
Short-term benefits*	\$ 15,000	\$ 30,000

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and professional fees.

The Company owed a partnership in which a director is a partner in the amount of \$84,149 as at September 30, 2023. In addition, the Company owed a corporation owned by a director in the amount of \$15,420 as at September 30, 2023. As at September 30, 2023, the Company owed a corporation owned by an officer in the amount of \$39,550.

The Company owed \$142,517 in loans and advances, to a company owned by a director.

8. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other financial instrument, being reclamation bonds, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8. FINANCIAL RISK FACTORS (Cont'd)

a) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2023, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at September 30, 2023, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at September 30, 2023, the Company held cash of \$4,147 (March 31, 2023 - \$27,539) to settle current liabilities of \$533,359 (March 31, 2023 - \$516,117). All of the Company's non-provision liabilities are due with the next fiscal year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

9. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at September 30, 2023, the Company's capital stock was \$36,235,874 (March 31, 2023 - \$36,235,874).

There were no changes in the Company's approach to capital management during the period ended September 30, 2023 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

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(Unaudited)

(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT (Cont'd)

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.