SENSOR TECHNOLOGIES CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

For Years Ended December 31, 2022 and 2021

Wasserman
Ramsay

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sensor Technologies Corp.:

Opinion

We have audited the consolidated financial statements of Sensor Technologies Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of December 31, 2022 the Company has incurred losses resulting in an accumulated deficit of $5,432,118. In addition, the Company, has a working capital deficiency in the amount of $104,228. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
May 1, 2023

Chartered Professional Accountants
Licensed Public Accountants

SENSOR TECHNOLOGIES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current Assets:			
Cash		$ 143,346	$ 11,035
Trade and other accounts receivable		4,690	13,079
Advances to Blockchains Asset Management Group	6	388,004	-
Prepaid expenses		13,344	12,890
Total current assets		549,384	37,004
Non-current assets:			
Investment in subsidiary held for sale	2	78,729	88,755
Oil and gas property interests	5	1	1
Deposits	14	351,696	345,233
Total non-current assets		430,426	433,989
Total assets		$ 979,810	$ 470,993
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		$ 155,301	$ 328,434
Reclamation & decommissioning obligation	9	367,776	367,776
Advances	7	130,535	118,223
Total current liabilities		653,612	814,433
Long term liabilities			
Canadian emergency response benefit loan	11	60,000	60,000
Total long term liabilities:		60,000	60,000
Total liabilities		713,612	874,433
SHAREHOLDERS' EQUITY/(DEFICIENCY)			
Capital stock	8	5,638,986	5,166,515
Warrants	8	57,529	-
Accumulated other comprehensive income		1,801	(446)
Deficit		(5,432,118)	(5,569,509)
Total shareholders' equity/(deficiency)		266,198	(403,440)
Total liabilities and shareholders' equity/(deficiency)		$ 979,810	$ 470,993
Nature and continuance and operations and going concern	1		
Commitments and contingencies	14		
Subsequent events	21		

Approved on Behalf of the Board

"Jay Vieira"
Director

"Alex Mackay"
Director

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2022	2021
Licensing fee	17	$ 90,613	$ -
Alberta energy site rehabilitation program grant	9	-	115,428
Interest income		14,466	1,721
Total revenue		105,079	117,149
Expenses			
Exploration expenses	15	(30,530)	(18,999)
Reclamation and decommissioning expenses	9	-	(72,134)
Office and general expenses	16	(95,031)	(96,711)
Total expenses		$ (125,561)	$ (187,844)
Loss before undernoted		(20,482)	(70,695)
Finance costs		(12,312)	(91,373)
Writeback of old accounts payable balances		182,396	27,791
Gain (loss) on foreign exchange		(2,185)	222
Net income (loss) for the year		147,417	(134,055)
Net income (loss) of subsidiary held for sale for the year	2	(10,026)	3,870
		137,391	(130,185)
Other comprehensive income (loss) for the year			
Exchange differences on translation of foreign operations		2,247	(46)
Total comprehensive income (loss) for the year		$ 139,638	$ (130,231)
Weighted average shares outstanding - basic and diluted	8	242,632,449	197,961,264
Income (loss) per common share based on net income (loss) for the year	8	$ 0.00	$ (0.00)

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Equity Portion of Convertible Debentures	Warrants	Accumulated Other Comprehensive (Loss)	Deficit	Total Equity (Deficiency)
Balance, December 31, 2020	150,234,129	$3,209,272	$ 10,890	$ -	$ (400)	$ (5,439,324)	$ (2,219,562)
Net loss for the year	-	-	-	-	-	(130,185)	(130,185)
Shares issued on conversion of convertible debentures	20,434,950	615,699	-	-	-	-	615,699
Equity portion of converible debentures transferred to common stock on conversion of debentures	-	10,890	(10,890)	-	-	-	-
Shares issued on conversion of advances	26,526,354	530,527	-	-	-	-	530,527
Shares issued on conversion of accounts payable	40,006,331	800,127	-	-	-	-	800,127
Exchange differences on translation of foreign operations	-	-	-	-	(46)	-	(46)
Balance, December 31, 2021	237,201,764	$5,166,515	$ -	$ -	$ (446)	$ (5,569,509)	$ (403,440)

Balance, December 31, 2021	237,201,764	$5,166,515	$ -	$ -	$ (446)	$ (5,569,509)	$ (403,440)
Net income for the year	-	-	-	-	-	137,391	137,391
Shares issued on private placement	10,600,000	472,471	-	-	-	-	472,471
Warrants issued on private placement	-	-	-	57,529	-	-	57,529
Exchange differences on translation of foreign operations	-	-	-	-	2,247	-	2,247
Balance, December 31, 2022	247,801,764	$5,638,986	$ -	$ 57,529	$ 1,801	$ (5,432,118)	$ 266,198

The accompanying notes form an integral part of these consolidated financial statements

SENSOR TECHNOLOGIES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31. 2022 AND 2021
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	2021
Cash flows (used in) operating activities		
Net income (loss) for the year	$ 137,391	$ (130,185)
(Income) loss from subsidiary held for income	10,026	(3,870)
Writeback of old accounts payable balances	(182,396)	(27,791)
Accrued interest on advances	12,312	39,514
Accrued interest on debentures	-	17,438
Accretion on debentures	-	49,320
	(22,667)	(55,574)
Changes in non-cash working capital balances		
Trade and other accounts receivable	8,389	(11,598)
Prepaid expenses	(454)	15,331
Reclamation & decommissioning obligation	-	(43,294)
Accounts payable and accrued liabilities	9,263	19,353
Cash flows from (used in) operating activities	(5,469)	(75,782)
Cash flows (used in) investing activities		
Increase in deposits	(6,463)	(1,720)
Advances to Blockchains Asset Management Group	(388,004)	-
Cash flows (used in) investing activities	(394,467)	(1,720)
Cash flows from financing activities		
Proceeds from private placement	530,000	-
Proceeds from advances	-	26,255
Proceeds from Canadian emergency response benefit loan	-	60,000
Cash flows from financing activities	530,000	86,255
Net change in cash	130,064	8,753
Effect of changes in foreign exchange rate	2,247	(46)
Cash, beginning of the year	11,035	2,328
Cash, end of the year	$ 143,346	$ 11,035
Supplemental Information		
Non-cash financing and investing activities		
Issuance of common shares - conversion of debenture	$ -	$ 615,699
Issuance of common shares - conversion of advances	$ -	$ 530,527
Issuance of common shares - conversion of accounts payable	$ -	$ 800,127
Alberta energy site rehabilitation program grant paid directly to sub-contractor for decommissioning of wells	$ -	$ 115,428

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERNS

Sensor Technologies Corp. (the “Company” or “STC” or “Sensor”) is continued under the Business Corporations Act (Ontario). The Company’s principal assets are oil and natural gas interests. The Company is domiciled in the province of Ontario and its head office is located at 196 Wildcat Rd., North York, Ontario , Canada. The Company trades on the Canadian Securities Exchange (“CSE”) under the symbol “SENS”.

These consolidated financial statements (“consolidated statements) include the accounts of the Company and its subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, Primary Petroleum Company U.S. Inc (“PPCUSA”), a Montana, USA Corporation, Primary Petroleum Company LLC (“PPCLLC”), a Montana, USA Corporation and AP Petroleum Company (“APLLC”), a Montana, USA Corporation. STI which was a subsidiary of Sensor is no longer consolidated as it is considered as held for sale. (See note 2).

The consolidated statements were approved for issue by the board of directors on May 1, 2023.

On December 1, 2019, the Company entered into share purchase agreement with an arm's length party with respect to the sale of 49% of the issued and outstanding securities in the capital of Sensor Technologies Inc. (“STI”), a wholly owned subsidiary of Sensor, for $158,010 with a right of first refusal to purchase another 26% of the issued and outstanding securities for $10, subject to shareholder approval, within 5 years of the closing date.

The consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has a net comprehensive income of $139,638 for year ended December 31, 2022 (2021- comprehensive loss of $130,231), has a working capital deficiency in the amount of $104,228 and has a deficit in the amount of $5,432,118 as at December 31, 2022. Management estimates that the funds available as at December 31, 2022 will not be sufficient to meet the Company’s potential capital and operating expenditures through to December 31, 2023. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. The challenges of securing requisite funding and the cumulative losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. INVESTMENT IN SUSIDIARY HELD FOR SALE

On December 1, 2019, the Company entered into share purchase agreement with an arm's length party with respect to the sale of 49% of the issued and outstanding securities in the capital of STI, a wholly owned subsidiary of Sensor for $158,080 with a right of first refusal to purchase another 26% of the issued and outstanding securities for $10, subject to shareholder approval, within 5 years of the closing date. Management expects that the sale of the further 26% interest will close within the current fiscal year and therefore as required under IFRS 5 has recorded this investment as a subsidiary held for sale and as such has deconsolidated the subsidiary. The only outstanding issue to complete this sale is shareholder approval which is expected, by management, to be a formality. After that point any income or loss of the subsidiary held for sale has been accounted for using the equity method of accounting where the Company recognizes its share of income or losses of the company. The carrying value of investment in STI is $78,729 on December 31, 2022 (2021 - $88,755) and is shown in the consolidated statements of financial position as investment in subsidiary held for sale. During the current year the Company recognized $10,026 as its share of net loss of STI (2021 – share of income $3,870) in the consolidated statements of income (loss) and comprehensive income (loss).

3. BASIS OF PRESENTATION

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") which includes International Financial Reporting Standards, International Accounting Standards ("IAS"), and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC") effective as of December 31, 2022. These standards are collectively referred to as "IFRS".

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets 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. The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries; Mooncor Energy, PPCUSA, PPCLLC and APLLC (collectively referred to as the "Company""). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. STI which was a subsidiary is no longer consolidated as it is considered held for sale. (Note 2)

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods. 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 information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

- Assets' carrying values and impairment charge

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Impairment of oil and gas property interests

  While assessing whether any indications of impairment exist for property interests, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of property interests. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's oil and gas property interests, costs to sell the properties and the appropriate discount rate. Internal sources of information include the manner in which oil and gas property interests are being used or are expected to be used and indications of expected economic performance of the assets. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable oil reserves or adverse current economics can result in a write-down of the carrying amounts of the Company's property interests.

- Estimation of decommissioning and restoration costs and the timing of expenditure

  The cost estimates are updated annually during the life of an oil well to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the oil well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes

  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Oil and natural gas reserves

  The Company's reserves of oil and natural gas are estimated based on information compiled by the Company's qualified persons, independent geologists and engineers. The process of estimating reserves requires significant judgment in evaluating and assessing available geological, geophysical, engineering and economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty. The evaluation of recoverable reserves is an ongoing process impacted by current production, continuing development activities and changing economic conditions. Changes in estimates of reserves may materially impact the carrying value of the Company's oil and gas properties, the recorded amount of depletion, the determination of the Company's obligations pursuant to decommissioning liabilities and the assessment of impairment provisions.

- Contingencies

  Refer to Note 14.

- The information about significant areas of judgment considered by management in preparing the consolidated statements is as follows:

- Subsidiary held for sale

  The Company's management has made a judgement that the option of the purchaser to acquire a further 26% of STI will be exercised in the coming fiscal year.

- Going concern

  The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated statements continue to be prepared on a going concern basis. However, management estimates that the funds available as at December 31, 2022 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2023, which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 1.

- Oil and gas property expenditures

  The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of income (loss) in the period when the new information becomes available.

- Determination of functional currency

  The effects of Changes in Foreign Exchange Rates' (IAS 21) define the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiaries, management determined that the functional currency for the parent company is Canadian dollars and the US dollar for the Company's subsidiaries located in the USA.

- Determination of cash generating units ("CGU")

  The Company applies judgment when determining their CGUs. The Company has two main sources of cash flows, the oil and gas business (the oil and gas business) and the sale of fiber optic sensing systems from STI (the technology business). After disposal of the technology business (see note 2), the Company determined that the assets for these two businesses were independent of each other and designated the Oil and Gas CGU and the Corporate CGU.

- 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. As at December 31, 2022 and 2021, the Company has not recognized any deferred tax assets because it is not probable that future taxable income will be available against which the Company can use the benefits of the deferred tax assets.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies set out below are consistently applied to all years presented unless otherwise noted.

Oil and gas exploration and evaluation assets and oil and gas property interests

- Oil and gas exploration and evaluation assets

  Exploration and evaluation ("E&E") assets primarily relate to acquisition costs and related reclamation and decommissioning. Expenditures incurred on the acquisition of a license interest is initially capitalized on a license by license basis. The acquisition costs of E&E properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

  Exploration costs are expensed in the period incurred. The acquisition costs are deferred until commercial reserves are proven, sold or abandoned. Commercial proven reserves are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future periods from known reservoirs and are considered technically feasible.

  Costs incurred subsequent to the determination of technical feasibility and commercial viability are added to the cost base of the respective item of P&E when they increase the future economic benefits of that asset. The costs of regular service and maintenance are expensed in profit or loss in the period in which they occur.

  Net proceeds from any disposal of an E&E asset are initially credited against the previously capitalized costs. Any surplus proceeds are credited to the consolidated statement of income (loss).

- Oil and gas property interests

  All directly attributable costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalized on a field-by-field basis only when the costs increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

Impairment

E&E assets are reviewed for impairment whenever facts or circumstances indicate that the cost capitalized to E&E assets may not be recoverable. If commercial reserves have not been established through the completion of E&E activities and there are no future plans for activity in that field, the E&E assets are determined to be impaired and the carrying amount is charged to income. Facts and circumstances that indicate impairment of E&E assets include but are not limited to:

a. the period for which the Company has the right to explore a specific area has expired or will expire in the near future and is not expected to be renewed.
b. substantive expenditure on future E&E activities in a specific area is neither budgeted nor planned.
c. E&E activities in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in a specific area.
d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount, by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized in the statement of loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized in the statement of loss immediately.

Depletion

Depletion of oil and gas property interests within each cash-generating unit (CGU) is recognized using the unit-of-production method based on the Company's share of total proved plus probable oil and natural gas reserves before royalties as determined by independent reserve engineers.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Decommissioning liability

A decommissioning liability is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related asset. The amount recognized is management's estimated cost of decommissioning, discounted to its present value using a pre-tax risk free rate that reflects the time value of money. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset unless the change arises from production. The unwinding of the discount on the decommissioning provision is included as a finance cost. Actual cost incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock, stock options and warrants

The Company’s common shares, stock options and share purchase warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to capital stock on expiry.

Income (loss) per share

Basic income (loss) per share figures are calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share figures are calculated based on the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential shares including warrants and stock options. The effect on the diluted income (loss) per share on the exercise of the warrants and stock options would be anti-dilutive.

Basic and diluted income (loss) per common share is calculated using the weighted average number of common shares outstanding during the year. The Company has reserved shares for issuance in accordance with applicable corporate and securities laws. Consideration received on the issuance of reserved shares will be credited to capital stock and will be valued at either the fair value of the consideration received or shares issued, whichever is more readily determinable.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to capital stock.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

Financial assets at Fair-value through profit or loss

Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

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. prices) or indirectly (i.e. derived from prices); and

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

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Foreign currencies

(i) Functional currency

The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

(ii) Foreign operations

Under IFRS, when the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the financial reporting date. Share capital, warrants, equity reserves, accumulated other comprehensive income, and deficit are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the transaction date. Foreign exchange gains and losses on translation are included in other comprehensive income. Foreign exchange differences that arise relating to balances that form part of the net investment in a foreign operation are recognized in a separate component of equity through other comprehensive income. On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference in other comprehensive income is recognized within profit or loss in the consolidated statement of income (loss).

(iii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized within profit or loss in the consolidated statement of income (loss). Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated statement of income (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Future accounting pronouncements

There are currently no new accounting pronouncements effective for future dates that are expected to have a significant impact on the Company.

5. OIL AND GAS PROPERTY INTERESTS

The Company has an interest in 2 suspended heavy oil wells and leases and related natural gas rights in the Lloydminster area of Alberta as at December 31, 2022 and 2021. The interests are carried at a nominal amount of $1

6. ADVANCES TO BLOCKCHAIN ASSETS MANAGEMENT GROUP

On July 13. 2022, the Company advanced $380,000 to 14125339 Canada Inc. operating as Blockchain Assets Management Group against a promissory note receivable within 10 days on demand bearing an interest rate of 5% pa. This note is secured by a guarantee from 14125339 Canada Inc. Interest accrued for the year ended December 31, 2022 was $8,004 (2021 - $nil) and has been recorded in the consolidated statements of income (loss) and comprehensive income (loss) as interest income (see Note 21).

(Expressed in Canadian Dollars)

7. ADVANCES

		December 31, 2022		2021
Loan payable - 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company		130,535		115,979
Loan payable - 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company		-		336
Loan payable - 12% per annum, due on demand, owing to an arm's length third party, secured against the assets of the Company		-		241
Loan payable - 15% per annum, due on demand, owing to an arm's length third party		-		1,667
Total advances	**$**	**130,535**	**$**	**118,223**

8. SHAREHOLDERS' EQUITY

Capital Stock

At December 31, 2022 and 2021, the authorized share capital comprised an unlimited number of common shares without par value.

	# of Common Shares		Amount
Balance, December 31, 2020	**150,234,129**	**$**	**3,209,272**
Shares issued on conversion of debentures	**20,434,950**		**615,699**
Shares issued on conversion of advances	**26,526,354**		**530,527**
Shares issued on conversion of accounts payable	**40,006,331**		**800,127**
Equity portion of convertible debentures transferred to common stock on conversion of debentures	**-**		**10,890**
Balance, December 31, 2021	**237,201,764**	**$**	**5,166,515**
Shares issued pursuant to private pacement (i)	**10,600,000**		**472,471**
Balance, December 31, 2022	**247,801,764**	**$**	**5,638,986**

(Expressed in Canadian Dollars)

(i) In June 2022, the Company raised gross proceeds of $530,000 through a non-brokered private placement of 10,600,000 units (the "Units") of the Company at a price of $0.05 per Unit. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one common share at a price of $0.08 per share for a period of two years to June 27, 2024.

The value of the warrants issued as part of this financing was $57,529. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: expected term of 2 years, a risk-free rate of 3.17%, expected dividend yield of 0% and an expected volatility of 181%. The expected volatility is based on the historical volatility of the Company's share price over the life of the warrants. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that the warrants are expected to be outstanding based on historical warrants issued.

Common Stock Purchase Warrants

	# of Warrants		Amount		Exercise Price	Expiry Date	Remaining Contractual Life (years)
Balance, December 31, 2021	**-**	**$**	**-**	**$**	**-**	**-**	**-**
Warrants issued - June 27, 2022	10,600,000		57,529		0.08	27-Jun-24	1.49
Balance,December 31, 2022	**10,600,000**	**$**	**57,529**	**$**	**0.08**		**1.49**

Stock options

On July 26, 2011, the shareholders of the Company approved a stock option plan (the "Plan") to enable directors, officers, employees and consultants of the Company to purchase common shares. All options granted under the Plan in 2011 expired unexercised during the year ended December 31, 2021. No options were granted during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

Basic and diluted loss per share based on loss for the year

Basic and diluted loss per share based on loss for the years ended December 31 2022 and 2021 are as follows:

		Year ended December 31,		
Numerator:		**2022**		2021
Net income (loss) for the year	**$**	**137,391**	$	(130,185)

Denominator:	**2022**	2021
Weighted average number of common shares outstanding - basic and diluted (i)	**242,632,449**	197,961,264

Income (loss) per common share based on net income (loss) for the year:		**2022**		2021
Basic and diluted	**$**	**0.00**	$	(0.00)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 10,600,000 shares (2021 -nil shares) related to the warrants outstanding at year end both of which were anti-dilutive for the year ended December 31, 2022.

9. RECLAMATION AND DECOMMISSIONING OBLIGATION

In the year ended December 31, 2022, the Company received a grant of $nil (2021 - $115,428) from Alberta Energy Site Rehabilitation Program. The grant was paid directly to a sub-contractor to clean up the well sites.

Included in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2022 is a charge of $nil (2021 - $72,134) for reclamation and decommissioning expenses. As at December 31, 2022 and 2021, the Company has provided $367,776 for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the Lloydminster property in Alberta using the estimate of the Alberta Energy Regulators.

(Expressed in Canadian Dollars)

10. DEBENTURES

Balance, December 31, 2020	**$**	**548,941**
Accrued interest		17,438
Accretion		49,320
Conversion of debentures into shares		(615,699)
Balance, December 31, 2022 and 2021	**$**	**-**

On July 1, 2018, Fox-Tek issued unsecured convertible debentures of $2,800,000 to its parent company to cover part of its inter-company balance. The debentures bear interest at a rate of 12% per annum payable monthly till maturity on September 30, 2021. All or any part of the principal of the debenture can be converted into common shares by the holder at a conversion price of $0.20 per share.

Management used the residual method to allocate the fair value of the conversion options. Management calculated the fair value of the liability component as $2,608,209 using a discount rate of 15%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of $191,791 being the fair value of the equity component.

During the year ended December 31, 2021, the balance of convertible debentures amounting to $615,699 were converted into common shares of which $345,000 was converted into 6,900,000 common shares at a conversion price of $0.05 per common share and $270,699 was converted into 13,534,950 common shares at a conversion price of $0.02 per common share. On December 31, 2021 and 2022, the amount of the convertible debentures was $nil.

For the year ended December 31, 2022, accrued interest of $nil (2021 - $17,438) and $nil for accretion (2021 - $49,320) were included in financial costs in the consolidated statements of income (loss) and comprehensive income (loss).

11. CANADA EMERGENCY RESPONSE BENEFIT ("CERB") LOAN

In the year ended December 31, 2022, the Company has a loan under the CERB program from TD Canada Trust for an amount of $60,000 for a 58 month period to December 31, 2025. The loan is non-interest bearing until December 31, 2023 and subsequently will bear interest of 5% per annum calculated monthly. If $40,000 of the loan amount is repaid on or prior to December 31, 2023, the Government will forgive the remaining balance of the loan amount as of that date provided that an event of default has not occurred.

12. RELATED PARTY TRANSACTIONS

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted.

a) At December 31, 2022 and 2021, $14,950 has been included in accounts payable for Jay Vieira, the CEO of the Company for professional expenses and disbursements.

b) At December 31, 2022 and 2021, the amount of convertible debentures was $nil. During the year ended December 31, 2022 $nil of convertible debentures were converted into shares (2021 - $615,699 of convertible debentures were converted into 20,434,950 shares).

c) Included in financing costs for the year ended December 31, 2022 is $nil (2021 - $66,758) for accretion and interest accrued on the convertible debentures.

Key management compensation

There were no compensation of key management of the Company for the years ended December 31, 2022 and 2021. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

(Expressed in Canadian Dollars)

13. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.50% (2021 - 26.50%) were as follows:

		2022		2021
Income (loss) before income taxes	$	137,391	$	(130,185)
Expected income tax recovery based on statutory rate		36,408		(34,499)
Adjustment to expected income tax benefit:				
Non-deductible expenses and other		2,657		17,079
Change in deferred tax assets not recognized		(39,065)		17,420
	-	0	-	0

b) Deferred Income Tax

		2022		2021
Unrecognized deferred tax assets (liabilities)				
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:				
Non-capital loss carry-forwards	$	16,288,518	$	16,339,713
Capital loss carry-forwards		2,464,453		2,464,453
Other differences				(3,871)
Total	$	18,752,971	$	18,800,295

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

(Expressed in Canadian Dollars)

14. COMMITMENTS & CONTINGENCIES

Gross overriding royalties

In addition to the gross overriding royalty ("GORR") agreements entered into in connection with the various oil and gas projects undertaken as disclosed in Note 5, the Company has entered into the following GORR agreement:

As part of the purchase of a database of technical information for the Lloydminster property, the Company entered into a GORR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. On December 31, 2022, the Company has lodged deposits of $351,696 (2021 - $$345,233) with the Alberta Energy Resource Conservation Board (“AERCB”) as required by legislation.

Legal Claims

In the ordinary course of business activities, the Company is a party in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material effect on the consolidated financial position of the Company.

Environmental Contingencies

The Company’s exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

15. EXPLORATION EXPENSES

The exploration costs during the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022	2021
Annual lease renewal costs	$ 16,608	$ 14,031
Land management	(3,962)	4,968
Others	17,884	-
	$ 30,530	$ 18,999

(Expressed in Canadian Dollars)

16. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022	2021
Accounting services	$ 40,000	$ 40,550
Rent expense	2,400	(17,200)
Telephone expense	1,532	1,458
Professional fees and disbursements	18,673	31,201
Insurance	13,572	16,631
Corporate services	18,714	21,771
Others	140	2,300
	$ 95,031	$ 96,711

17. LICENSING FEE

During the year ended December 31, 2022, the Company and one of its joint venture partners, Oxy USA Inc. (“Oxy”) – jointly the licensor (“Licensor”) entered into a non-exclusive seismic data use license agreement (“Agreement”) with Twin Bridges Resources LLC (“Licensee”) for 14.58 square miles out of 120 square miles of proprietary 3D seismic. Subject to the terms and conditions of this Agreement, the licensor granted to the licensee a non-exclusive, non-transferable, paid up license to use the licensor’s seismic data for a term of 25 years. In return, the licensee agreed to pay a gross sum of US$116,640 to the licensor. The Company owns 67.5% of the seismic data being licensed while Oxy owns 32.5%. The Company’s share of the licensing fee is Canadian $90,613. The Company has engaged American Geophysical Corporation to actively market the Company's proprietary 3D seismic in Pondera and Teton Counties in Northwestern Montana. The goal of the Company is to license its 3D Seismic, leading to future opportunities for potential joint ventures, partnerships or farm in agreements.

18. CAPITAL DISCLOSURES

The Company’s objectives when managing capital are as follows:

a. To safeguard the Company’s ability to continue as a going concern.
b. To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties.
c. To raise sufficient capital to meet its general and administrative expenditures.

The Company considers its capital to be equity, which comprises capital stock, contributed surplus, foreign currency translation reserve and deficit, which at December 31, 2022 was an equity of $266,198 (2021 – deficiency of $403,440).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short-term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets’ underlying assumptions as necessary. There have been no changes in the way the Company manages its capital during years ended December 31, 2022 and 2021.

19. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, interest or foreign exchange risks arising from the financial instruments. There were no changes to the Company's risks, objectives, policies and procedures during the years ended December 31, 2022 and 2021.

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. For many new international clients, the Company demands that equipment costs are prepaid prior to shipment.

Trade and other accounts receivable

Trade and other accounts receivable consists primarily of HST receivable from the government of Canada. As such risk on non-collection is considered low.

Cash

Cash consist of bank balances and petty cash. As at December 31, 2022, the Company had cash of $143,346 (2021 - $11,035).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Presently, the Company only interest bearing liability is the advance. As this bears a fixed rate of interest, interest rate risk is considered low.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

(Expressed in Canadian Dollars)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The following items are the contractual maturities of financial liabilities:

December 31, 2022		Carrying amount		Contractual cash flows		0 to 12 months		After 12 months
Accounts payable and accrued liabilities	$	155,301	$	155,301	$	155,301	$	-
CERB loan		60,000		60,000		-		60,000
Advances		130,535		130,535		130,535		-
Reclamation and decommissioning liabilities		367,776		367,776		367,776		-
	$	**713,612**	**$**	**713,612**	**$**	**653,612**	**$**	**60,000**

December 31, 2021		Carrying amount		Contractual cash flows		0 to 12 months		After 12 months
Accounts payable and accrued liabilities	$	328,434	$	328,434	$	328,434	$	-
CERB loan		60,000		60,000		-		60,000
Advances		118,223		118,223		118,223		-
Reclamation and decommissioning liabilities		367,776		367,776		367,776		-
	$	**874,433**	**$**	**874,433**	**$**	**814,433**	**$**	**60,000**

As the Company has a working capital deficiency at December 31, 2022 of $104,228 liquidity risk is high.

Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollar and the functional currency of the parent company is the Canadian dollar. As at December 31, 2022 and 2021, the Company's US dollar net monetary assets totaled $640. Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2022 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $32.

(Expressed in Canadian Dollars)

20. SEGMENTED INFORMATION

The Company's reportable segments are strategic business units that offer different services and/or products. They are managed separately because each segment requires different strategies and involves different aspects of management expertise. On disposal of the technology segment of the Company (see note 2), the Company has decided to disclose the segment results of the oil and gas companies and corporate operations.

MEI, PPI, PPC and APPC are oil & gas companies.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company carries out its operations through wholly-owned entities. These entities are located in Canada and the United States.

For year ended December 31, 2022

		Oil and Gas Operations		Corporate Operations		Total
Licensing fee	$	90,613	$	-	$	90,613
Interest income		6,462		8,004		14,466
Total revenue	$	97,075	$	8,004	$	105,079
Expenses						
Exploration expenses		(30,530)		-		(30,530)
Office and general		-		(95,031)		(95,031)
Total expenses	$	(30,530)	$	(95,031)	$	(125,561)
Income (loss) before undernoted		66,545		(87,027)		(20,482)
Finance costs		-		(12,312)		(12,312)
Writeback of old accounts payable balances		-		182,396		182,396
Gain (loss) on foreign exchange		(4,566)		2,381		(2,185)
Net income for the year		61,979		85,438		147,417
Net (loss) of subsidiary held for sale		-		(10,026)	$	(10,026)
Total income for the year	**$**	**61,979**	**$**	**75,412**	**$**	**137,391**
Other comprehensive income for the year						
Exchange differences on translation of foreign operations		2,247		-		2,247
Total comprehensive income for the year	**$**	**64,226**	**$**	**75,412**	**$**	**139,638**

As at December 31, 2022

Total assets	$	366,688	$	613,122	$	979,810

(Expressed in Canadian Dollars)

For year ended December 31, 2021

		Oil and Gas Operations		Corporate Operations		Total
Alberta energy site rehabilitation program grant	$	115,428	$	-	$	115,428
Interest income	$	1,721	$	-	$	1,721
Total revenue	$	117,149	$	-	$	117,149
Expenses						
Exploration expenses		(18,999)		-		(18,999)
Reclamation and decommissioning expenses		(72,134)		-		(72,134)
Office and general		-		(96,711)		(96,711)
Total expenses	$	(91,133)	$	(96,711)	$	(187,844)
Income (loss) before undernoted		26,016		(96,711)		(70,695)
Finance costs		-		(91,373)		(91,373)
Writeback of old accounts payable balances		27,541		250		27,791
Gain (loss) on foreign exchange		365		(143)		222
Net income (loss) for the year		53,922		(187,977)		(134,055)
Net income of subsidiary held for sale		-		3,870		3,870
Total income (loss) for the year	**$**	**53,922**	**$**	**(184,107)**	**$**	**(130,185)**
Other comprehensive (loss) for the year						
Exchange differences on translation of foreign operations		(46)		-		(46)
Total comprehensive income (loss) for the year	**$**	**53,876**	**$**	**(184,107)**	**$**	**(130,231)**

As at December 31, 2021

Total assets	$	286,952	$	184,041	$	470,993

21. SUBSEQUENT EVENTS

Subsequent to the year end, the Company has entered into securities purchase agreements with each of Robotic StemCell BioTech Ltd. ("Robotic"), Blockchain Assets Management Group Limited ("BAM") and 14125339 Canada Inc. ("1412"), each of which are arm's length parties.

Pursuant to securities purchase agreement dated as of December 31, 2021 with Robotic, the Company has agreed to acquire an aggregate of 27,644,444 common shares in the capital of Robotic (the "Purchased Robotic Shares"). The Purchased Robotic Shares represent approximately 20% of the issued and outstanding securities in the capital of Robotic. The purchase price for the Purchased Robotic Shares is $1,382,222 and this will be satisfied through the issuance of an aggregate of 27,644,444 common shares in the capital of the Company at a price of $0.05 per share.

Pursuant to securities purchase agreement dated as of December 31, 2021 with BAM, the Company has agreed to acquire an aggregate of 11,111 common shares in the capital of BAM (the "Purchased BAM Shares"). The Purchased BAM Shares represent approximately 10% of the issued and outstanding securities in the capital of BAM. The purchase price for the Purchased BAM Shares is $4,977,728 (the "BAM Purchase Price"). The BAM Purchase Price will be satisfied through the issuance of an aggregate of 99,554,560 common shares in the capital of the Company at a price of $0.05 per share.

Pursuant to securities purchase agreement dated as of December 31, 2021 with 1412, the Company has agreed to acquire an aggregate of 19,875,156 common shares in the capital of 1412 (the "Purchased 1412 Shares"). The Purchased 1412 Shares represent approximately 20% of the issued and outstanding securities in the capital of 1412. The purchase price for the Purchased 1412 Shares is $2,484,395 (the "1412 Purchase Price"). The 1412 Purchase Price will be satisfied through cancelling $380,000 advance to Blockchains Asset Management Group (see note 6) and the issuance of an aggregate of 42,087,890 common shares in the capital of the Company at a price of $0.05 per 1412 Consideration Share.

The closing of the Robotics, BAM and 1412 Securities Purchase Agreements, is subject to the Company obtaining shareholder and regulatory approval for a change of business (the "Proposed COB") from a "industrial issuer" to an "investment issuer". The Proposed COB is considered a fundamental change / change of business under Policy 8 of the CSE and, as such, will subject to all of the requirements of Policy 8 including, but not limited to, CSE and shareholder approval. The Securities Purchase Agreements are not considered to be a fundamental change under CSE Policy 8. If shareholder and regulatory approval is obtained, the Proposed COB, the Company's primary focus will be to seek returns through investments in the securities of other companies.