BLUE HORIZON GLOBAL CAPITAL CORP.

(FORMERLY SENSOR TECHNOLOGIES CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Years Ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blue Horizon Global Capital Corp. (formerly Sensor Technologies Corp.)

Opinion

We have audited the consolidated financial statements of Blue Horizon Global Capital Corp. (formerly Sensor Technologies Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("GAAS"). 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 consolidated 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 to the consolidated financial statements which indicates that the Company incurred a net comprehensive loss of $10,017,089 for the year ended December 31, 2023, and as of that date, had an accumulated deficit of $15,448,487. The Company has a working capital deficiency of $745,936. As stated in Note 1, these events and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Key Audit Matter	How the Key Audit Matter was Addressed in the Audit
Valuation of Investments (*Refer to Notes 2 and 6 to the consolidated financial statements*) As disclosed in Notes 2 and 6 of the consolidated financial statements, the Company made the following three investments during the year ended December 31, 2023, and, as a consideration, issued its common shares. Transactions were as under: • Investment in Blockchain Assets Management Group Limited ("BAM") for $4,977,728 (see note 2) • Investment in StemCell BioTech Ltd. ("Robotic") for $1,382,222 (see note 6), and • Investment in 14125339 Canada Inc. ("1412") for $2,484,395 (see note 6). As at the reporting date, the management reviewed a variety of factors impacting these investments including but not limited to the following: lack of foreseeable future cash inflows from these investments, start-up status of investees with no current revenue generation, and delays in planned commencement of operations or suspended operations of the investees. As a result, the recoverable amount of these investments has been reduced to $Nil, and an impairment loss of $8,844,345 has been recorded in the consolidated statement of income (loss) and comprehensive income (loss). The valuation and recoverability of these investments are significant due to their magnitude and the inherent uncertainty involved in estimating their fair value. We determined that the impairment assessment for these investments is a key audit matter due to the significant judgement exercised by the management.	Our procedures included, amongst others: • We reviewed the investment agreements and evaluated the terms identified in connection with the transactions for consistency with amounts recorded in the consolidated financial statements. • We checked the investment transactions through the issuance of common shares with the shareholders' records, reviewed documentation and correspondence, reconciled the number of shares issued and investment acquired and checked the valuation of the transactions as per agreed terms. • We discussed the factors leading to impairment recognition extensively with management, evaluated the reasonability of the management's estimation process, understood the internal controls in effect, and reviewed the underlying analysis and documentation. We also evaluated the methodology and assumptions used by management in determining the impairment. • We evaluated the appropriateness and adequacy of the disclosures and presentation in the consolidated financial statements.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A") but does not include the consolidated financial statements and our auditor's report thereon.

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 misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed on this MD&A, we conclude that there is a material misstatement of this MD&A, 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 consolidated financial statements in accordance with IFRS, 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 GAAS 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 consolidated financial statements.

As part of an audit in accordance with GAAS, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ahmad Aslam, CPA. CA.

Zeifmans LLP

Toronto, Ontario
August 2, 2024

Chartered Professional Accountants
Licensed Public Accountants

BLUE HORIZON GLOBAL CAPITAL CORP. (FORMERLY - SENSOR TECHNOLOGIES CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current Assets:			
Cash		43,080	143,346
Trade and other accounts receivable		17,283	4,690
Advances to Blockchains Asset Management Group	7	-	388,004
Prepaid expenses		12,797	13,344
Total current assets		$ 73,160	$ 549,384
Non-current assets:			
Investment at fair value	6	-	-
Investment in associate	5	-	78,729
Oil and gas property interests	8	1	1
Deposits	15	369,389	351,696
Total non-current assets		$ 369,390	$ 430,426
Total assets		$ 442,550	$ 979,810
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		304,405	155,301
Reclamation & decommissioning obligation		367,776	367,776
Advances	9	146,915	130,535
Total current liabilities		$ 819,096	$ 653,612
Non-current liabilities:			
Canada Emergency Business Account (CEBA) Loan	12	60,000	60,000
Total non-current liabilities		$ 60,000	$ 60,000
Total liabilities		$ 879,096	$ 713,612
SHAREHOLDERS' EQUITY (DEFICIENCY):			
Capital stock	10	14,953,331	5,638,986
Warrants	10	57,529	57,529
Accumulated other comprehensive income		1,081	1,801
Deficit		(15,448,487)	(5,432,118)
Total shareholders' equity (deficiency)		$ (436,546)	$ 266,198
Total liabilities and shareholders' equity (deficiency)		$ 442,550	$ 979,810
Nature and continuance of operations and going concern	1		
Commitments and contingencies	15		
Subsequent events	22		

Approved on Behalf of the Board

"Brian Grieve"	**"Alex Mackay"**
Director	**Director**

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

BLUE HORIZON GLOBAL CAPITAL CORP. (FORMERLY - SENSOR TECHNOLOGIES CORP.)
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note		Year ended December 31, 2023		2022
Revenue					
Licensing fee	18	$	-	$	90,613
Interest income			17,695		14,466
Total revenue		$	17,695	$	105,079
Expenses					
Exploration expenses	16		(15,421)		(30,530)
Office and general expenses	17		(425,084)		(95,031)
Reversal of interest income	7		(8,004)		-
Total expenses		$	(448,509)	$	(125,561)
Loss before undernotes:			(430,814)		(20,482)
Finance costs			(16,379)		(12,312)
Writeback of old accounts payable balances			-		182,396
Loss on disinvestment of controlling shares in the subsidary	1		(36,919)		-
Impairment of investments	2,6		(8,844,345)		-
Impairment of investment in associate	5		(38,593)		-
Proceeds of private placement not received	2		(650,000)		-
Gain on foreign exchange			681		(2,185)
Income (loss) from operations			(10,016,369)		147,417
Share of income (loss) from associate	5		-		(10,026)
Net income (loss) for the year			(10,016,369)		137,391
Other comprehensive income (loss) for the year					
Exchange differences on translation of foreign operations			(720)		2,247
Total comprehensive income (loss) for the year		$	(10,017,089)	$	139,638
Weighted average shares outstanding - basic and diluted	10		254,950,388		242,632,449
Income (loss) per common share based on net income (loss) for the year	10	$	(0.04)	$	0.00

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

BLUE HORIZON GLOBAL CAPITAL CORP. (FORMERLY - SENSOR TECHNOLOGIES CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity (Deficiency)
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 pursuant to private placement	10,600,000	472,471	-	-	-	472,471
Warrants issued pursuant to 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

Balance, December 31, 2022	247,801,764	$ 5,638,986	$ 57,529	$ 1,801	$ (5,432,118)	$ 266,198
Net loss for the year	-	-	-	-	(10,016,369)	(10,016,369)
Shares issued on conversion of accounts payable	10,000,000	200,000	-	-	-	200,000
Shares issued pursuant to private placement (Note 10)	2,166,667	650,000	-	-	-	650,000
Warrants issued pursuant to private placement (Note 10)	-	-	-	-	-	-
Shares issued pursuant to acquisition of Robotic (Note 6)	27,644,444	1,382,222	-	-	-	1,382,222
Shares issued pursuant to acquisition of BAM (Note 6)	99,554,560	4,977,728	-	-	-	4,977,728
Shares issued pursuant to acquisition of 1412 (Note 6)	42,087,890	2,104,395	-	-	-	2,104,395
Exchange differences on translation of foreign operations	-	-	-	(720)	-	(720)
Balance, December 31, 2023	429,255,325	$ 14,953,331	$ 57,529	$ 1,081	$ (15,448,487)	$ (436,546)

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

BLUE HORIZON GLOBAL CAPITAL CORP. (FORMERLY - SENSOR TECHNOLOGIES CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31. 2023 AND 2022
(Expressed in Canadian Dollars)

	Year ended December 31, 2023	2022
Operating activities		
Net income (loss) for the year	$ (10,016,369)	$ 137,391
Share of incone (loss) from associate	-	10,026
Writeback of old accounts payable balances	-	(182,396)
Impairment of investments	8,844,345	-
Impairment of investment in associate	38,593	-
Loss on sale of investment in associate	36,919	-
Accrued interest payable on advances	16,379	12,312
Impairment of accrued interest on advances to Blockchains Asset Management Group	27,480	-
Impairment of private placement	650,000	-
Accrued interest receivable on advances to Blockchains Asset Management Group	(19,475)	(8,004)
	(422,128)	(30,671)
Changes in non-cash working capital balances		
Trade and other accounts receivable	(12,593)	8,389
Prepaid expenses	547	(454)
Accounts payable and accrued liabilities	349,104	9,263
Cash flows (used in) operating activities	(85,070)	(13,473)
Investing activities		
Increase in deposits	(17,693)	(6,463)
Proceed from sale of investment in associate	3,217	
Advances to Blockchains Asset Management Group	-	(380,000)
Cash flows (used in) investing activities	(14,476)	(386,463)
Financing activities		
Proceeds from private placement	-	530,000
Cash flows from financing activities	-	530,000
Net change in cash	(99,546)	130,064
Effect of changes in foreign exchange rate	(720)	2,247
Cash, beginning of the year	143,346	11,035
Cash, end of the year	$ 43,080	$ 143,346
Supplemental Information		
Non-cash financing and investing activities		
a. Shares issued 10,000,000 and accounts payable converted to capital stock (Note 10 (c)) & 13)	200,000	-
b. Shares issued 2,166,667 and private placement made:	650,000	-
c. Share issued 99,554,560 and investment made in BAM:	4,977,728	-
d. Shares issued 42,087,890 and investment made in company 1412:	2,104,395	-
e. Shares issued 27,644,444 and investment made in Robotics stem cell	1,382,222	-
	$ 9,314,345	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERNS

Blue Horizon Global Capital Corp. (formerly - Sensor Technologies Corp.) (the "Company" or "Blue Horizon") is continued under the Business Corporations Act (Ontario). The Company is an investment company whose primary objective is to identify promising companies with excellent projects, innovative technologies or both, using management's extensive experience in deal sourcing and capital combination to maximize returns for its shareholders. The Company intends to invest its funds with the aim of generating returns from capital appreciation and investment income. It intends to accomplish these goals through the identification of and investment in securities of private and publicly listed entities across a wide range of sectors and industry areas, including but not limited to the technology, software development and biotechnology industries 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 "BHCC".

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. 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 statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The Company owns 25% of Sensor Technologies Inc. (STI) and considers it to be an associate. An associate is an entity over which the investor has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights but can also arise where the Company has less than 20%, if the Company has the power to participate in the financial and the operating policy decisions affecting the entity. Investments in associates are held as part of the Company's investment portfolio and carried in the consolidated statement of financial position using the equity method of accounting where the Company recognizes its share of income or losses of the associate through consolidated statements of income (loss) and comprehensive income (loss).

During the year ended December 31, 2023, the Company acquired approximately 20% of the issued and outstanding securities in the capital of each of StemCell BioTech Ltd. ("Robotic") and 14125339 Canada Inc. ("1412"). As at December 31, 2023 the Company did not exercise its right to have representation on the board of the companies and, as such, did not participate in the policy-making process. In addition, there were no material transactions between the Company and each of Robotic and 1412 or interchange of managerial personnel or provision of essential technical information or operating involvement. Accordingly, the Company determined that it does not have significant influence in these investees and as such, the investment in these two companies are being valued at fair value.

The consolidated statements were approved for issue by the board of directors on August 2, 2024.

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 loss of $10,017,089 for year ended December 31, 2023 (2022 - comprehensive income of $139,638), and has accumulated deficit of $15,448,487 (2022 - $5,432,118) as at December 31, 2023. and has a working capital deficiency of $745,936 (2022 – $104,228). Management estimates that the funds available as at December 31, 2023 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2024. The Company will have to raise additional funds to continue operations. Although the Company has raised funds in the past, 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. BUSINESS DEVELOPMENT

Investment in Blockchain Assets Management Group Limited ("BAM").

On December 28, 2023, pursuant to a securities purchase agreement dated December 31, 2022 with BAM, the Company acquired an aggregate of 11,111 common shares in the capital of BAM, representing approximately 10% of the issued and outstanding securities in the capital of BAM. The purchase price for the shares was $4,977,728 and this was 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.

Subsequent to the year end, BAM submitted its financial statements for the years ended December 31, 2023 and 2022. Note 4 to BAM's financial statements states: "Since the merger was completed, BAM has been in a state of transition awaiting relocation. The company has been actively seeking a suitable location to set up its server room and bring systems back online. Unfortunately, due to geopolitical and business environment changes, the search for an appropriate site is still ongoing. Additionally, China's latest laws and regulations introduced in 2022 stipulate that any activities related to cryptocurrencies, mining machines, and mining operations are illegal. Consequently, the company has been in a state of suspended operations and restructuring since 2022".

Accordingly, the Company has decided to terminate the acquisition of the 10% interest in the issued and outstanding securities in the capital of BAM effective as of December 31, 2023 and this has been reflected in the consolidated statements of financial position as at December 31, 2023.

Private placement

In December 2023, the Company raised gross proceeds of $650,000 through a non-brokered private placement of 2,166,667 units (the "Units") of the Company at a price of $0.30 per Unit (the "Offering"). Each Unit consists of one common share and one common share purchase warrant ("Warrant"). As at July 11, 2024, the proceeds from the Offering were not yet received. As a result, the Company has decided to terminate the private placement effective December 31, 2023 and this has been reflected in the consolidated statements of financial position as at December 31, 2023. All securities issued pursuant to the Offering are subject to cancellation.

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, 2023. 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.

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:

- Significant influence:

  Management determines its ability to exercise significant influence over an investee by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the investee, interchange of managerial personnel, provision of essential technical information and operating involvement.

The Company owns 25% of STI and has determined that it has significant influence but not control over the financial and operating policies over STI and as a result has accounted for it as an associate.

As at December 31, 2023 the Company's percentage holding in Robotics and 1412 were 20%. However, the Company did not exercise its right to have representation on the board of the companies and, as such, did not participate in the policy-making process. In addition, there were no material transactions between the Company and each of Robotic and 1412 or interchange of managerial personnel or provision of essential technical information or operating involvement. Accordingly, the Company determined that it does not have significant influence in these investees and as such, the investment in these two companies are being valued at fair value

- Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below. These investments are included in Level 3 (see below).

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;

c. the investee company is placed into receivership or bankruptcy;

d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;

e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);

f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;

g. release by the investee company of positive/negative exploration results; and

h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

- Investment in associates

An associate is an entity over which the investor has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights but can also arise where the Company has less than 20%, if the Company has the power to participate in the financial and the operating policy decisions affecting the entity. Investments in associates are held as part of the Company's investment portfolio and carried in the proforma unaudited consolidated statements of financial position using the equity method of accounting where the Company recognizes its share of income or losses of the associate through consolidated statements of income (loss) and comprehensive income (loss).

At each balance sheet date, management considers whether there is objective evidence of impairment in associates, including one or more loss events that would evidence a significant or prolonged decline in the fair value of the investment in an associate below its carrying value. The net investment is impaired and impairment costs are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment and the loss event or events have a negative impact on the estimated future cash flows from the net investment that can be reliably estimated. Some indicators of impairment under IAS 28 would include significant financial difficulty in the investee, significant adverse changes in technological, market, economic or legal environments in which the investee operates If there is such evidence, management determines the amount of impairment to record, if any, in relation to the associate.

- 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 15.

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

- 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, 2023 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2024, 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, 2023 and 2022, 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. MATERIAL ACCOUNTING POLICIES INFORMATION

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 of E&E assets

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, 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 contributions account 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.

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 consolidated statements of income (loss) and comprehensive income (loss) 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 of financial assets

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. INVESTMENT IN ASSOCIATE

On December 1, 2019, the Company entered into a share purchase agreement with an arm's length party for the sale of 49% of the issued and outstanding securities in the capital of Sensor Technology Inc. (STI), a wholly-owned subsidiary 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. On June 7, 2023, the shareholders approved the sale of 26% of the issued and outstanding securities for a revised amount of $3,217. The Company now owns 25% of STI and has recorded this investment as an investment in associate. The company expects that in future years there will be no cash inflows from STI as this entity has been incurring losses for a long period, therefore, the company has made provision for the impairment of the total carrying value of this investment. The carrying value is $Nil as of December 31, 2023 (December 31, 2022 - $78,729). The company is accounting for this investment using the equity method of accounting where the Company recognizes its share of income or losses of the associate. Since the value of the investment is zero, therefore, no further, losses can be recognized in this investment.

6. INVESTMENTS AT FAIR VALUE

The Company did not exercise its right to have representation on the board and did not participate in the policy-making process and there were no material transactions between the Company and each of Robotic and 1412 or interchange of managerial personnel or provision of essential technical information or operating involvement. Accordingly, the Company determined that it does not have significant influence in these companies. The investment in these two companies is being valued at fair value.

1. On December 28, 2023, pursuant to securities purchase agreement dated December 31, 2022 with Robotic, the Company an aggregate of 27,644,444 common shares in the capital of Robotic representing approximately 20% of the issued and outstanding securities in the capital of Robotic. The purchase price is $1,382,222 and this was 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.

Robotic is a start up company that has the North American rights to a StemcCell treatment based in Japan. The treatment has been approved and prevalent in Japan but not yet approved in either the US or Canada. The company intends to promote medical tourism to prospective North American patients requiring such treatments. Robotic also plans to set up a number of wellness clinics providing a range of services in Canada including physiotherapy, chiropractor, nutritionist etc. The company also envisions franchising the clinics.

Robotic has not yet generated any revenue to date and therefore the Company has decided to value this investment at $nil and to reopen negotiation with Robotic so that a portion of the shares issued will be placed into escrow and shall only be released on the achievements of certain agreed upon milestones. The impairment in value of this investment has been recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31 2023.

2. On December 28, 2023, pursuant to securities purchase agreement dated December 31, 2022 with 1412, the Company acquired an aggregate of 19,875,156 common shares in the capital of 1412 representing approximately 20% of the issued and outstanding securities in the capital of 1412. The purchase price is $2,484,395 and this was satisfied through cancelling $380,000 advance to Blockchains Asset Management Group (see note 7) 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 share.

   1412 is a start up technology company focused on developing various IT products, including data storage drives, blockchain platforms, data centers and telecommunication networks. The core knowledge comes from the lead scientist and the core technologies involve data storage using 4D algorithms to store large files in no more than 20 bytes. 1412 has successfully demonstrated the unparalleled speed and efficiency of its 4D encode and decode chip, surpassing all known data transmission technologies by multiple folds. Leveraging the power of its 4D chip technology, 1412 has developed a miniature virtual tower capable of providing internet and telecommunication services with a fraction of the traditional cost. 1412 has not filed but has plans to file for IPs developed for all its various products.

   1412 has a 50% joint venture partner, Paradox, based in Hong Kong. Paradox has a sales agreement with an US based organization called World Digital Economic Organization ("WDEO") to supply 100.000 SSDs worth about $50m with estimated cost of about $5m – giving a potential net profit of about $45m on this contract to Paradox – 50% of which is attributable to 1412. The sales agreement stipulates that WDEO will give Paradox a deposit of 20% of the contract value. The first shipment was supposed to go out in June 2024. However:

   a. 1412 has not executed its JV agreement with Paradox;
   b. WDEO has not yet given Paradox the 20% deposit as stipulated in the sales agreement; and
   c. 1412 has not yet made its first shipment.

   Accordingly, the Company has decided to value this investment at $nil and to reopen negotiation with 1412 so that a portion of the shares issued will be placed into escrow and shall only be released on the achievements of certain agreed upon milestones. The impairment in value of this investment has been recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2023.

7. ADVANCES TO BLOCKCHAIN ASSETS MANAGEMENT GROUP

On July 13. 2022, the Company advanced $380,000 to 1412, 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. On December 28, 2023, pursuant to securities purchase agreement dated December 31, 2021 with 1412, the Company has acquired an aggregate of 19,875,156 common shares in the capital of 1412 for $2,484,395 The purchase price has been 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 share. The Company is unsure if it will receive the interest and has therefore not accrued any interest for the year ended December 31, 2023 (2022 - $8004) and has reversed the interest accrued for the year ended December 2022 in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31 2023.

(Expressed in Canadian Dollars)

8. 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, 2023 and 2022. The interests are carried at a nominal amount of $1.

9. ADVANCES

		December 31, 2023		2022
Loan payable - 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company		146,915		130,535
Total advances	**$**	**146,915**	**$**	**130,535**

10. SHAREHOLDERS' EQUITY

Capital Stock

At December 31, 2023 and 2022, the authorized share capital comprised an unlimited number of common shares without par value.

Balance, December 31, 2021	**$**	**237,201,764**	**$**	**5,166,515**
Shares issued pursuant to private pacement		10,600,000		472,471
Balance, December 31, 2022.		**247,801,764**		**5,638,986**
Shares issued on conversion of accounts payable		10,000,000		200,000
Shares issued pursuant to private placement		2,166,667		650,000
Shares issued pursuant to acquisition of Robotic		27,644,444		1,382,222
Shares issued pursuant to acquisition of BAM		99,554,560		4,977,728
Shares issued pursuant to acquisition of 1412		42,087,890		2,104,395
Balance, December 31, 2023	**$**	**429,255,325**	**$**	**14,953,331**

a. 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.

(Expressed in Canadian Dollars)

b. In December 2023, the Company raised gross proceeds of $650,000 through a non-brokered private placement of 2,166,667 units (the "Units") of the Company at a price of $0.30 per Unit (the "Offering"). Each Unit consists of one common share and one common share purchase warrant ("Warrant"). As at July 11, 2024, the proceeds from the Offering were not yet received. As a result, the Company has decided to terminate the private placement effective December 31, 2023 and all securities issued pursuant to the Offering are subject to cancellation. Proceed of private placement not received has been recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31 2023. Each Warrant entitles the holder to purchase one common share at a price of $0.35 per share for a period of two years to December 12, 2025. The fair value of the warrants issued as part of this financing was considered $nil (see note 2).

c. On 26 June, 2023 a total of 7,000,000 shares were issued at $0.02 per share to one of the ex- director against his service invoice of $140,000 and another 3,000,000 share were issued at $0.02 to the controller against his service invoice of $60,000.

Common Stock Purchase Warrants

	# of Warrants		Amount		Average 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	0.49
Balance, December 31, 2022	**10,600,000**	**$**	**57,529**	**$**	**0.08**		**0.49**
Warrants issued - December 12, 2023	2,166,667	$	-	$	0.35	12-Dec-25	1.95
Balance, December 31, 2023	**12,766,667**	**$**	**57,529**				

(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 2023 and 2022 are as follows:

		Year eneded December 31,		
Numerator:		**2023**		**2022**
Net income (loss) for the year	**$**	**(10,016,639)**	**$**	**137,391**

Denominator:	**2023**	**2022**
Weighted average number of common shares outstanding - basic and diluted (i)	**254,950,388**	**242,632,449**

Income (loss) per common share based on net income (loss) for the year:		**2023**		**2022**
Basic and diluted	**$**	**(0.04)**	**$**	**0.00**

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 12,766,667 shares (2022 -10,600,000 shares) related to the warrants outstanding at year end which were anti-dilutive for the years ended December 31, 2023 and 2022.

11. RECLAMATION AND DECOMMISSIONING OBLIGATION

As at December 31, 2023 and 2022, 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.

12. CANADA EMERGENCY BUSINESS ACCOUNT ("CEBA") LOAN

In the year ended December 31, 2023, the Company has a loan under the CEBA 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. Due to the lack of sufficient fund, Company did not repay the loan on 31 December 2023 and has decided to utilize full term loan until December 31, 2025.

13. RELATED PARTY TRANSACTIONS

Related parties include the 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.

Included in the office and general expenses for the year ended December 31, 2023 is $123,894 (2022 - $nil) for legal services and disbursements provided by Mr. Jay Vieira., former CEO and current legal counsel of the Company. During the year ended December 31, 2023, an amount of $140,000 owing to Jay Vieira was converted into 7,000,000 common shares at a price of $0.02 per share. At December 31, 2023 $38,775 (2022 - $14,950) has been included in accounts payable for Mr. Jay Vieira for legal services and disbursements.

(Expressed in Canadian Dollars)

Key management compensation

There were no compensation of key management of the Company for the years ended December 31, 2023 and 2022. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

14. 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% (2022 - 26.50%) were as follows:

	2023	2022
Income (loss) before income taxes	$ 10,016,369	$ 137,391
Expected income tax recovery based on statutory rate	2,654,338	36,409
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	(2,526,229)	2,657
Change in deferred tax assets not recognized	(128,109)	(39,066)
	-	-

b) Deferred Income Tax

	2023	2022
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	$ 16,597,162	$ 16,113,731
Capital loss carry-forwards	4,830,322	4,830,322
Total	$ 21,427,484	$ 20,944,053

Deferred tax asset @26.5% on above the losses of $5,678,283 (2022:$ 5,550,174) 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.

15. COMMITMENTS & CONTINGENCIES

Contingent liabilities

As a result of the Company's decision to reverse the acquisition of securities in the capital of BAM and to terminate the private placement for aggregate gross proceeds of $650,000, the Company is subject to potential liabilities related to the return and cancelation of the shares issued in connection with these transactions. This contingent liability arises from any potential litigation that the Company may be required to commence in order to have the shares canceled.

The outcome of any potential legal matter is uncertain at this stage, and the Company, in consultation with its legal advisors, is unable to determine the probability of a favorable or unfavorable outcome. Consequently, it is not possible to estimate the financial impact, if any, that may result from any future litigation.

No provision has been recognized in the financial statements for the potential return and cancelation of shares. The Company will continue to monitor the situation closely and will recognize a provision in future financial statements if it becomes probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(Expressed in Canadian Dollars)

The Company will update this disclosure in future periods as more information becomes available and the status of the legal proceedings evolves.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. On December 31, 2023, the Company has lodged deposits of $369,389 (2022 - $351,696) 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 believes 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.

16. EXPLORATION EXPENSES

The exploration costs during the years ended December 31, 2023 and 2022 were as follows:

	Year eneded December 31, 2023	2022
Annual lease renewal costs	$ 14,937	$ 16,608
Land management	484	(3,962)
Others	-	17,884
	$ 15,421	$ 30,530

(Expressed in Canadian Dollars)

17. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2023 and 2022 were as follows:

	Year eneded December 31, 2023	2022
Accounting services	$ 41,320	$ 40,000
Rent expense	2,400	2,400
Telephone expense	2,876	1,532
Professional fees and disbursements	114,191	18,673
Legal	125,894	-
Insurance	15,769	13,572
Corporate services	121,606	18,714
Others	1,028	140
	$ 425,084	$ 95,031

Rent is an immaterial expense paid for office premises on a month-to-month basis without any lease agreement. The Company does not record right of use asset and related lease obligation for such low value arrangements.

18. LICENSING FEE

During the year ended December 31, 2022, the Company and one of its joint venture partner, 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 $nil in 2023 (2022 - $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.

19. 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, warrants, accumulated and other comprehensive income and deficit, which at December 31, 2023 was a deficit of $436,546 (2022 – equity of $266,198).

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 the years ended December 31, 2023 and 2022.

20. 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, 2023 and 2022.

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including outstanding accounts receivable. 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.

Cash

Cash consists of bank balances and petty cash. As at December 31, 2023, the Company had cash of $43,080 (2022 - $143,346).

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.

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, except for CEBA loan have contractual maturities of less than 30 days and are subject to normal trade terms.

(Expressed in Canadian Dollars)

The following items are the contractual maturities of financial liabilities:

December 31, 2023		Carrying amount		Contractual cash flows		0 to 12 months		After 12 months
Accounts payable and accrued liabilities	$	304,405	$	304,405	$	304,405	$	-
CEBA loan		60,000		60,000		-		60,000
Advances		146,915		146,915		146,915		-
Reclamation and decommissioning liabilities		367,776		367,776		367,776		-
	$	**879,096**	**$**	**879,096**	**$**	**819,096**	**$**	**60,000**

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	$	-
CEBA 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**

As the Company has a working capital deficiency at December 31, 2023 of $745,936 (2022 - $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, 2023 and 2022, the Company's US dollar net monetary assets totaled $640. Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2023 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $32.

21. 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. The Company has decided to disclose the segment results of the oil and gas companies and corporate operations.

Mooncor Energy Inc.(MEI), Primary Petroleum (PPI), Primary Petroleum Company U.S. Inc ("PPCUSA") and AP Petroleum Company ("APLLC") 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.

(Expressed in Canadian Dollars)

	Oil and Gas Operations	Corporate Operations	Total
Interest income	17,695	-	17,695
Total revenue	17,695	$ -	$ 17,695
Expenses			
Exploration expenses	(15,421)	-	(15,421)
Office and general	(846)	(424,238)	(425,084)
Reversal of interest income	-	(8,004)	(8,004)
Total expenses	(16,267)	$ (432,242)	$ (448,509)
Income (loss) before undernoted	1,428	(432,242)	(430,814)
Finance costs	-	(16,379)	(16,379)
Loss on disinvestment of controlling shares in the subsidary	-	(36,919)	(36,919)
Impairment of fair value of investments	-	(8,844,345)	(8,844,345)
Impairment of fair value of investment in associate	-	(38,593)	(38,593)
Proceeds of private placement not received	-	(650,000)	(650,000)
Gain (loss) on foreign exchange	1,571	(890)	681
Net income (loss) for the year	2,999	(10,019,368)	(10,016,369)
Other comprehensive loss for the year			
Exchange differences on translation of foreign operations	(720)	-	(720)
Total comprehensive income (loss) for the year	**2,279**	**$ (10,019,368)**	**$ (10,017,089)**
As at December 31, 2023			
Total assets	$ 369,448	$ 73,102	$ 442,550

(Expressed in Canadian Dollars)

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
Company's share of net (loss) of associate		-		(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

22. SUBSEQUENT EVENTS

a) Investment in BAM

Subsequent to the year end, BAM submitted its financial statements for the years ended December 31, 2023 and 2022. Note 4 to BAM's financial statements states: "Since the merger was completed, BAM has been in a state of transition awaiting relocation. The company has been actively seeking a suitable location to set up its server room and bring systems back online. Unfortunately, due to geopolitical and business environment changes, the search for an appropriate site is still ongoing. Additionally, China's latest laws and regulations introduced in 2022 stipulate that any activities related to cryptocurrencies, mining machines, and mining operations are illegal. Consequently, the company has been in a state of suspended operations and restructuring since 2022".

Accordingly, the Company has decided to terminate the acquisition of the 10% interest in the issued and outstanding securities in the capital of BAM effective as of December 31, 2023. The impairment in value of this investment has been recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2023.

b) Private placement

As at July 11, 2024, the proceeds from the Offering were not yet received. As a result, the Company has decided to terminate the private placement effective December 31, 2023 and all securities issued pursuant to the Offering are subject to cancellation. Proceed of private placement not received has been recognized as expense/loss in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2023.

c) Investment in Miss Global Inc.

Subsequent to the year end, the Company has entered into a securities purchase agreement (the "Agreement") dated as of January 26, 2024 with Miss Globe Group Inc. ("MGGI"), an arm's length party to the Company. Pursuant to the terms of the Agreement, the Company has agreed to acquire 2,000,000 common shares in the capital of MGGI at price of $2.10 per MGGI Share. The purchased MGGI shares represent approximately 20% of the issued and outstanding securities in the capital of MGGI. The purchase price of MGGI Shares is $4,200,000 and this will be satisfied through a combination of cash and/or securities in the capital of the Company. In the event that the Company satisfies the purchase price in full through the issuance of securities, the maximum number of common shares to be issued will be 10,500,000 common shares at a deemed price of $0.40 per share.

d) Mooncor Energy Inc. and Primary Petroleun Company USA Inc.

Subsequent to the year end, the Company entered into a letter of intent ("LOI") dated April 2, 2024 with an arm's length party with respect to the sale of up to 30% of the issued and outstanding securities in the capital of its subsidiaries Mooncor Energy Inc. and Primary Petroleum Company USA Inc. The purchaser is a private company engaged in the oil trade sector. Pursuant to the terms of the LOI, the purchaser has the right to acquire up to 30% of the issued and outstanding securities in the capital of these subsidiaries for an aggregate purchase price of $300,000. The purchaser price is payable is in instalments with the first payment of $12,000 being made on the execution of the LOI. The balance of the purchase price is payable within 60 days from the date of the LOI.

e) Expiry of warrants

Subsequent to the year end, 10,600,000 warrants were unexercised and hence expired on June, 27, 2024.

f) Credit Facility

Subsequent to the year end, the Company has entered into a letter of intent as of July 17, 2024 with Knoxbridge Corporation, ("Lender") whereby the Lender has agreed to make a $200,000 Credit Facility ("Credit Facility") available to the Company, at a fixed rate equal to 14.96% per annum and secured by a general security agreement. The Principal Amount is repayable in full within two years from the date of the first advance. The CEO of Knoxbridge Corporation is Mr. Allen Lone, a former CEO of the Company. The Company will pay to the Lender a bonus of $40,000 (the "Bonus Payment"). The Bonus Payment shall be paid on the date of the initial draw and the Lender shall have the option to receive the Bonus Payment in either cash or in the form of securities in the capital of the Company. The Credit Facility is conditional upon and subject to a number of conditions including obtaining all necessary approvals and consents, including regulatory authorities and from the CSE, if necessary, and a confirmation and undertaking that the Company has reversed its acquisition of 10% of the issued and outstanding securities in the capital of BAM and demanding the return of the securities issued by the Company in connection with the BAM acquisition back to the Company for cancellation and that the Company has terminated the $650,000 private placement and demanding the return of the securities issued by the Company in connection with the private placement back to the Company for cancellation.

g) New Director

Subsequent to the year end, Mr. Jim Hughes has joined Board of Directors.