

VINERGY CAPITAL INC.

Condensed Interim Financial Statements

For the nine months ended November 30, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended November 30, 2022 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

VINERGY CAPITAL INC.

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	November 30, 2022 \$	February 28, 2022 \$
Assets		
Current assets		
Cash and cash equivalents	166,078	1,296,097
Interest receivable (Note 5)	3,842	-
Prepaid expenses	5,415	20,137
Total current assets	175,335	1,316,234
Non-current assets		
Convertible note receivable (Note 5)	150,000	-
Investments (Note 4)	1,327,049	779,553
Total assets	1,652,384	2,095,787
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 8)	1,146,303	1,119,708
Loans payable (Note 7)	235,000	235,000
Total liabilities	1,381,303	1,354,708
Shareholders' equity		
Share capital (Note 9)	6,991,028	7,041,028
Share subscriptions receivable	-	(50,000)
Warrant reserve	1,011,762	867,262
Share-based payment reserve	1,068,798	1,068,798
Equity component of convertible debt	176,251	176,251
Deficit	(8,976,758)	(8,362,260)
Total shareholders' equity	271,081	741,079
Total liabilities and shareholders' equity	1,652,384	2,095,787

Nature of operations and continuance of business (Note 1)
Commitment (Note 14)
Subsequent event (Note 9)

Approved and authorized for issuance by the Board of Directors on January 30, 2023:

/s/ "Arif Merali"

Arif Merali, Director

/s/ "Ken Ralfs"

Ken Ralfs, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended November 30,		For the nine months ended November 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Investment Income				
Interest income	3,842	-	4,830	-
Realized gain on disposal of investment	141,433	391,686	141,433	392,066
Unrealized gain (loss) on investment	(139,150)	(768,827)	(294,305)	154,393
Total investment income (loss)	6,125	(377,141)	(148,042)	546,459
Operating expenses				
Consulting fees (Note 8)	91,107	109,714	243,822	410,167
General and administrative	2,994	3,342	5,584	13,190
Marketing	-	42,166	-	161,491
Professional fees	11,154	19,317	17,508	25,449
Share-based payments	-	358,500	-	598,500
Transfer agent and filing fees	5,736	22,583	15,188	45,168
Total operating expenses	110,991	555,622	282,102	1,253,965
Loss before other expense	(104,866)	(932,763)	(430,144)	(707,506)
Other expenses				
Interest expense	(12,057)	(7,905)	(39,854)	(34,318)
Total other expense	(12,057)	(7,905)	(39,854)	(34,318)
Net loss and comprehensive loss for the period	(116,923)	(940,668)	(469,998)	(741,824)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average common shares outstanding	105,000,248	104,999,516	105,171,810	100,529,908

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.

Condensed Interim Statements of Changes in Shareholders' Equity

For the nine months ended November 30, 2022 and 2021

(Expressed in Canadian dollars)

(unaudited – Prepared by Management)

	Share capital		Warrant reserve \$	Share-based payment reserve \$	Equity component of convertible debt \$	Share subscriptions received \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$						
Balance, February 28, 2021	79,115,994	4,134,052	993,420	546,832	176,251	(15,000)	(7,157,009)	(1,321,454)
Private placement	10,305,667	824,453	721,397	–	–	(50,000)	–	1,495,850
Share issue cost - cash	–	(31,848)	–	–	–	–	–	(31,848)
Agent's warrants	–	(27,500)	27,500	–	–	–	–	–
Exercise of share purchase warrants	13,734,998	1,657,398	(637,998)	–	–	–	–	1,019,400
Exercise of stock options	2,100,000	252,000	–	(126,000)	–	–	–	126,000
Share subscriptions received	–	–	–	–	–	15,000	–	15,000
Share-based payment	–	–	–	598,500	–	–	–	598,500
Net loss for the period	–	–	–	–	–	–	(741,824)	(741,824)
Balance, November 30, 2021	105,256,659	6,808,555	1,104,319	1,019,332	176,251	(50,000)	(7,898,433)	1,159,624
Balance, February 28, 2022	105,256,659	7,041,028	867,262	1,068,798	176,251	(50,000)	(8,362,260)	741,079
Shares returned to treasury	(333,334)	(50,000)	–	–	–	50,000	–	–
Modification of share purchase warrants	–	–	144,500	–	–	–	(144,500)	–
Net loss for the period	–	–	–	–	–	–	(469,998)	(469,998)
Balance, November 30, 2022	104,923,325	6,991,028	1,011,762	1,068,798	176,251	–	(8,976,758)	271,081

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the nine months ended November 30,	
	2022	2021
	\$	\$
Operating activities:		
Net loss for the period	(469,998)	(741,824)
Items not involving cash:		
Interest income	(3,842)	-
Interest charges	39,854	34,318
Share-based payments	-	598,500
Gain (loss) on fair value of marketable securities	294,305	(154,393)
Realized gain on sale of marketable securities	(141,433)	(392,066)
Changes in non-cash operating working capital:		
Amounts receivable	-	(8,070)
Prepaid expenses	14,722	(3,244)
Accounts payable and accrued liabilities	(13,259)	5,312
Net cash used in operating activities	(279,651)	(661,467)
Investing activities		
Marketable securities	(1,098,287)	(1,430,180)
Convertible note receivable	(150,000)	-
Proceeds on sale of marketable securities	397,919	1,092,139
Net cash used in investing activities	(850,368)	(338,041)
Financing activities		
Loan payable (repaid)	-	(246,000)
Proceeds from shares issued and share subscriptions received	-	2,656,249
Share issuance costs	-	(31,848)
Net cash provided by financing activities	-	2,378,401
Change in cash and cash equivalents	(1,130,019)	1,378,893
Cash and cash equivalents, beginning of period	1,296,097	128,421
Cash and cash equivalents, end of period	166,078	1,507,314
Cash and cash equivalents consist of:		
Cash in bank	31,250	409,329
Cash in legal trust account	4,180	3,280
Cash in brokerage account	130,648	1,094,705
Total cash and cash equivalents	166,078	1,507,314
Cash paid for interest during the period	-	-
Cash paid for income taxes during the period	-	-
Non-cash investing and financing activities:		
Fair value transferred on exercise of warrants and stock options	-	763,998
Fair value of warrants issued as part of a private placement	-	721,397
Fair value of agent's warrants issued	-	27,500

(The accompanying notes are an integral part of these condensed interim financial statements)

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Vinergy Capital Inc. (the “Company”) was incorporated as Vanguard Investments Corp. on March 20, 2001, under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company’s registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. On March 9, 2021, the Company changed its name to Vinergy Capital Inc. The Company’s head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “VIN”. During the year ended February 29, 2020, the Company became an investment issuer.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the period ended November 30, 2022, the Company did not generate any revenues and incurred negative cash flow from operations. As at November 30, 2022, the Company has a working capital deficit of \$1,205,968 (February 28, 2022 - \$38,474) and an accumulated deficit of \$8,976,758 (February 28, 2022 - \$8,362,260) since inception and expects to incur further losses in the development of its business. The Company is also in default for certain loans payable. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

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

The assessment of the Company’s ability to continue as a going concern (note 1) requires significant judgment. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at February 28, 2022. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2022.

4. Investments

Marketable securities are fair valued at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The investments in listed warrants of public companies are valued using the Black-Scholes option pricing model, with the following assumptions: risk-free rate of 3.64% to 3.86%; volatility of 116% to 119%, expected life of warrant 0.52 to 2.87 years and dividend yield of 0%. The carrying values are marked to market and the resulting gain or loss from marketable securities are recorded against earnings.

Details of the Company's investments are as follows:

	Number of Shares held	Cost \$	Fair value as at November 30, 2022 \$
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	90,000
Lithium One Metals Inc.	200,000	48,439	80,000
Nurosene Health Inc.	370,000	127,882	62,900
Prospera Energy Inc.	2,000,000	148,950	180,000
Skylight Health Group Inc.	400,000	356,780	224,000
Southern Energy Corp.	75,000	60,891	72,000
SPOD Lithium Corp.	300,000	84,119	79,500
Ultra Lithium Inc.	500,000	50,105	52,500
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	50,000	175,000	316,925
Share purchase warrants	–	–	19,224
Total	7,145,000	1,702,166	1,327,049

During the nine months ended November 30, 2022, the Company disposed of certain investments for total proceeds of \$397,919 and recognized a realized gain of \$141,433. The Company also recognized an unrealized loss of \$294,305 on its investments.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

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4. Investments – (cont'd)

	Number of Shares held	Cost \$	Fair value as at February 28, 2022 \$
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	260,000
Nurosene Health Inc.	53,500	35,365	36,380
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	500,000	175,000	316,925
Share purchase warrants	–	–	16,248
Total	3,803,500	860,365	779,553

5. Convertible Note Receivable

On September 7, 2022, the Company subscribed for \$150,000 through an unsecured convertible debenture subscription agreement of Icanic Brands Company Inc. (“Icanic”) at a price of \$1,000 per debenture. The debenture will bear interest at 11% per annum with a maturity date of 24 months from the date of issuance. The principal amount may be convertible, at the option of the holder, in whole or in part, at any time following the issue date but on or before maturity, into units of Icanic at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of Icanic at a price of \$0.15 per share for a period of 24 months from the date of conversion. As at November 30, 2022, the Company accrued interest of \$3,842.

6. Accounts Payable and Accrued Liabilities

	November 30, 2022 \$	February 28, 2022 \$
Trade accounts payable	727,284	743,350
Accrued liabilities	18,130	15,322
Accrued interest payable (Note 6)	400,889	361,036
	1,146,303	1,119,708

7. Loans Payable

(a) On January 15, 2010, the Company issued a \$215,000 convertible debenture which bears interest at 10% per annum, is unsecured, and was due on January 16, 2015. The debenture was convertible into shares of the Company at a conversion price of \$0.05 per share at any time at the option of the holder prior to the due date. The Company’s convertible debenture matured on January 16, 2015 and the Company continues to accrue interest at the rate of 10% per annum.

The fair value of the equity component was determined to be \$176,251 which was recorded as equity and an equivalent discount on the convertible debenture. The accretion of the discount was recognized over the term of the debenture. As at November 30, 2022, the carrying value of the convertible debenture is \$215,000 (February 28, 2022 – \$215,000) and accounts payable and accrued liabilities includes \$256,174 (February 28, 2022 - \$239,975) in interest with respect to these convertible debentures.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

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(Unaudited – Prepared by Management)

7. Loans Payable – (cont'd)

- (b) As at November 30, 2022, the Company owed \$20,000 (February 28, 2022 – \$20,000) to a non-related party. The amount owing is unsecured, bears interest at 20% per annum compounded monthly, and is due on demand. As at November 30, 2022, the Company has incurred interest on this loan of \$118,802 (February 28, 2022 - \$95,147), which is included in accounts payable and accrued liabilities.
- (c) On August 12, 2020, the Company issued a promissory note agreement for proceeds of \$96,000 to a non-related party. The promissory note is unsecured, bears interest at 20% per annum, and was due on December 31, 2021. On September 17, 2021, the Company repaid the loan principal balance of \$96,000. As at November 30, 2022, the Company has incurred interest on this promissory note of \$21,146 (February 28, 2022 - \$21,146) to the non-related party which is included in accounts payable and accrued liabilities.
- (d) On July 2, 2019, the Company entered into a loan agreement with ESG Global Impact Capital Inc. (“ESG”) for \$250,000. The loan was unsecured, bears interest at 10% per annum and due on July 31, 2020. As at December 21, 2020, the Company entered into a debt settlement agreement with ESG to settle \$100,000 of the principal. The Company agreed to issue 2,000,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.06 per share expiring on December 21, 2021. As at February 28, 2021, the Company had incurred interest on this promissory note of \$39,206 to the non-related party which is included in accounts payable and accrued liabilities. On April 14, 2021, the Company repaid the debt of \$150,000 plus interest of \$36,450. There is a remaining interest payable of \$4,767 as at November 30, 2022 and February 28, 2022.

8. Related Party Transactions

- (a) As at November 30, 2022, the Company owed \$Nil (February 28, 2022 - \$21,000) to a company controlled by the Chief Financial Officer of the Company which is included in accounts payable and accrued liabilities. During the nine months ended November 30, 2022, the Company incurred \$47,250 (2021 - \$61,750) in consulting fees to a company controlled by the Chief Financial Officer of the Company.
- (b) During the nine months ended November 30, 2022, the Company incurred \$68,000 (2022 - \$135,417) in consulting fees to the current and former Chief Executive Officer (“CEO”) of the Company.
- (c) During the nine months ended November 30, 2022, the Company incurred \$99,000 (2021 - \$118,000) in consulting fees to directors of the Company.

9. Share Capital

Authorized: Unlimited number of common shares without par value

During the nine months ended November 30, 2022:

On September 21, 2022, the Company returned and cancelled 333,334 common shares to treasury due to the non-receipt of the \$50,000 in share subscriptions receivable. The Company also cancelled 166,667 share purchase warrants.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. Share Capital – (cont'd)

Shares transactions during the year ended February 28, 2022:

- (a) On April 14, 2021, the Company completed a private placement and issued 10,305,667 units at \$0.15 per unit for gross proceeds of \$1,545,850 of which \$50,000 is included share subscriptions receivable as at February 28, 2022. Each unit consisted of one common share and one-half of a share purchase warrant exercisable at a price of \$0.25 per common share expiring April 14, 2023. The fair value of warrants issued was determined to have a fair value of \$497,002 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.26%, dividend yield of 0%, volatility of 274%, and expected life of two years. The Company paid a finder's fee of \$31,849 and issued 262,320 agent's warrants. Each agent's warrant is exercisable at a price of \$0.15 per common share on or before October 14, 2021 and at a price of \$0.20 per common share thereafter until April 14, 2022. The Company fair valued the agent's warrants at \$44,571 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.17%, dividend yield of 0%, volatility of 234% and expected life of one year.
- (b) During the year ended February 28, 2022, the Company issued 13,734,998 common shares for proceeds of \$1,019,400 pursuant to the exercise of share purchase warrants. The fair value of \$667,731 was transferred from warrant reserves to share capital upon exercise of the share purchase warrants.
- (c) During the year ended February 28, 2022, the Company issued 2,100,000 common shares for proceeds of \$126,000 pursuant to the exercise of stock options. The fair value of \$121,417 was transferred from share-based payment reserve to share capital upon exercise of the stock options.

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price \$
Balance, February 28, 2021	36,308,330	0.06
Issued	5,415,154	0.25
Exercised	(13,734,998)	0.07
Expired	(3,773,332)	0.07
Balance, February 28, 2022	24,215,154	0.10
Expired	(262,320)	0.25
Cancelled	(166,667)	0.25
Balance, November 30, 2022	23,786,167	0.09

On May 9, 2022, pursuant to Policy 6 of the Canadian Securities Exchange, the Company extend the expiry date of the 18,800,000 share purchase warrants outstanding from May 23, 2022 to May 23, 2013. This transaction was recorded as a modification of warrants with the value recorded as an increase to the deficit account. The fair value of this modification was \$144,500 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 2.36%; Dividend yield of NIL; Expected volatility of 157%; Expected life of 1 year.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

10. Share Purchase Warrants – (cont'd)

As at November 30, 2022, the Company had the following share purchase warrants outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
18,800,000	0.05	May 23, 2023
4,986,167	0.25	April 14, 2023
<u>23,786,167</u>		

11. Stock Options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis. Options may be exercisable for a maximum of ten years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, February 28, 2021	6,500,000	0.06
Granted	4,800,000	0.18
Exercised	(2,100,000)	0.06
Expired	(2,000,000)	0.06
Outstanding, February 28, 2022	7,200,000	0.14
Expired	(2,800,000)	0.26
<u>Outstanding, November 30, 2022</u>	<u>4,400,000</u>	<u>0.06</u>

Additional information regarding stock options outstanding as at November 30, 2022 is as follows:

Range of exercise prices \$	Outstanding and exercisable			
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$	
0.06	2,400,000	0.06	0.06	Subsequently expired
0.09	250,000	1.80	0.09	
0.06	1,750,000	2.18	0.06	
	<u>4,400,000</u>	<u>1.00</u>	<u>0.06</u>	

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2022 and February 28, 2022 as follows:

	Fair value measurements using			Balance, November 30, 2022 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Investments	840,900	19,224	466,925	1,477,049
Convertible note receivable	-	150,000	-	150,000

	Fair value measurements using			Balance, February 28, 2022 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Investments	296,380	16,248	466,925	779,553

The fair values of other financial instruments, which include cash and cash equivalents, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

VINERGY CAPITAL INC.

Notes to the Condensed Interim Financial Statements

Period ended November 30, 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

12. Financial Instruments and Risk Management – (cont'd)

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

13. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, warrant reserve, share-based payments reserve, and equity component of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 28, 2022.

14. Commitment

On April 1, 2021, the Company entered into a consulting agreement with a director of the Company who later became the CEO, which is effective until December 31, 2024. Pursuant to the agreement, the Company agreed to pay \$120,000 per annum and two types of bonuses. There is an annual bonus of up to 8% of the base salary payable quarterly based on performance reviews by the Board of Directors and another bonus based on portfolio performance which does not exceed 10%.