VINERGY CAPITAL INC.

Financial Statements

Years Ended February 28, 2023 and 2022

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vinergy Capital Inc.

Opinion

We have audited the financial statements of Vinergy Capital Inc. (the "Company"), which comprise the statements of financial position as at February 28, 2023 and 2022, and the statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has negative cash flow from operations during the year ended February 28, 2023, and as of that date, the Company has a working capital deficit of $1,295,621 and an accumulated deficit of $8,792,481. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 29, 2023

VINERGY CAPITAL INC.
Statements of Financial Position
(Expressed in Canadian dollars)

	February 28, 2023 $	February 28, 2022 $
Assets		
Current assets		
Cash and cash equivalents	17,874	1,296,097
Accrued interest receivable (Note 3)	7,911	–
Prepaid expenses	21,249	20,137
Due from related party (Note 7)	15,000	–
Total current assets	62,034	1,316,234
Non-current assets		
Convertible debenture (Note 3)	132,624	–
Investments (Note 4)	1,473,855	779,553
Total non-current assets	1,606,479	779,553
Total assets	1,668,513	2,095,787
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 7)	1,122,655	1,119,708
Loans payable (Note 6)	235,000	235,000
Total liabilities	1,357,655	1,354,708
Shareholders' equity		
Share capital (Note 8)	6,992,528	7,041,028
Share subscriptions receivable (Note 8)	–	(50,000)
Warrant reserve (Note 8)	865,762	867,262
Share-based payment reserve (Note 10)	1,068,798	1,068,798
Equity component of convertible debt	176,251	176,251
Deficit	(8,792,481)	(8,362,260)
Total shareholders' equity	310,858	741,079
Total liabilities and shareholders' equity	1,668,513	2,095,787

Nature of operations and continuance of business (Note 1)
Commitment (Note 14)
Subsequent events (Note 16)

Approved and authorized for issuance by the Board of Directors on June 29, 2023:

/s/ "Arif Merali"
Arif Merali, Director

/s/ "Ken Ralfs"
Ken Ralfs, Director

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

VINERGY CAPITAL INC.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended February 28 2023 $	Year ended February 28 2022 $
Investment income		
Interest income	8,899	–
Realized gain on sale of investments (Note 4)	99,387	397,606
Total investment income	108,286	397,606
Operating expenses		
Consulting fees (Note 7)	321,367	501,920
General and administrative	8,302	29,455
Investor relations	–	165,991
Professional fees	38,646	81,259
Share-based payments (Notes 7 and 10)	–	643,383
Transfer agent and filing fees	18,078	49,230
Total operating expenses	386,393	1,471,238
Loss before other income (expense)	(278,107)	(1,073,632)
Other income (expense)		
Accretion of discount on convertible debenture (Note 3)	5,604	–
Interest expense	(50,942)	(50,807)
Premium on convertible debenture (Note 3)	(22,980)	–
Unrealized loss on investments (Note 4)	(135,991)	(80,812)
Write-off of accounts payable	52,195	–
Total other income (expense)	(152,114)	(131,619)
Net loss for the year	(430,221)	(1,205,251)
Loss per share, basic and diluted	(0.02)	(0.06)
Weighted average common shares outstanding	21,022,108	20,336,451

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

VINERGY CAPITAL INC.
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Share capital		Share subscriptions receivable	Warrant reserve	Share-based payment reserve	Equity component of convertible debt	Deficit	Total shareholders' equity (deficit)
	Number of shares	Amount $	$	$	$	$	$	$
Balance, February 28, 2021	15,823,197	4,134,052	(15,000)	993,420	546,832	176,251	(7,157,009)	(1,321,454)
Units issued for cash	2,061,133	1,048,848	(50,000)	497,002	–	–	–	1,495,850
Share issuance costs	–	(31,849)	–	–	–	–	–	(31,849)
Fair value of agent's warrants	–	(44,571)	–	44,571	–	–	–	–
Exercise of share purchase warrants	2,747,000	1,687,131	–	(667,731)	–	–	–	1,019,400
Exercise of stock options	420,000	247,417	–	–	(121,417)	–	–	126,000
Share subscriptions received	–	–	15,000	–	–	–	–	15,000
Fair value of stock options granted	–	–	–	–	643,383	–	–	643,383
Net loss for the year	–	–	–	–	–	–	(1,205,251)	(1,205,251)
Balance, February 28, 2022	21,051,330	7,041,028	(50,000)	867,262	1,068,798	176,251	(8,362,260)	741,079
Units cancelled	(66,667)	(48,500)	50,000	(1,500)	–	–	–	–
Net loss for the year	–	–	–	–	–	–	(430,221)	(430,221)
Balance, February 28, 2023	20,984,663	6,992,528	–	865,762	1,068,798	176,251	(8,792,481)	310,858

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

VINERGY CAPITAL INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended February 28 2023 $	Year ended February 28 2022 $
Operating activities:		
Net loss for the year	(430,221)	(1,205,251)
Proceeds from sale of investments	799,630	1,152,786
Purchase of convertible debenture	(150,000)	–
Purchase of investments	(1,530,536)	(1,465,545)
Items not involving cash:		
Accretion of discount on convertible debenture	(5,604)	–
Premium on convertible debenture	22,980	–
Realized gain on sale of investments	(99,387)	(397,606)
Share-based payments	–	643,383
Unrealized loss on investments	135,991	80,812
Write-off of accounts payable	(52,195)	–
Changes in non-cash operating working capital:		
Accrued interest receivable	(7,911)	–
Amounts receivable	–	20,758
Due from related party	(15,000)	–
Prepaid expenses and deposits	(1,112)	(20,137)
Accounts payable and accrued liabilities	55,142	(19,925)
Net cash used in operating activities	(1,278,223)	(1,210,725)
Financing activities		
Repayment of loans payable	–	(246,000)
Proceeds from shares issued and share subscriptions received	–	2,656,250
Share issuance costs	–	(31,849)
Net cash provided by financing activities	–	2,378,401
Change in cash and cash equivalents	(1,278,223)	1,167,676
Cash and cash equivalents, beginning of year	1,296,097	128,421
Cash and cash equivalents, end of year	17,874	1,296,097
Cash and cash equivalents consist of:		
Cash in bank	12,184	172,690
Cash in brokerage account	5,690	1,120,127
Cash in legal trust account	–	3,280
Total cash and cash equivalents	17,874	1,296,097

Supplemental cash flow information (Note 11)

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

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.

These 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 year ended February 28, 2023, the Company incurred negative cash flow from operations. As at February 28, 2023, the Company has a working capital deficit of $1,295,621 and an accumulated deficit of $8,792,481 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 financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company has determined that it meets the definition of an investment entity in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"), and accordingly all investments have been recorded as investments at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of investments, carrying value of convertible debenture, fair value of share-based payments, and unrecognized deferred income tax assets.

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(b) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(c) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash and cash equivalents	Amortized cost
Accrued interest receivable	Amortized cost
Due from related party	Amortized cost
Convertible debenture	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial Assets (continued)*Financial assets at amortized cost*

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial Liabilities and Equity Instruments (continued)

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Share-based Payments

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of operations with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

2. Significant Accounting Policies (continued)

(f) Share-based Payments (continued)

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted losses per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at February 28, 2023, the Company had 5,157,233 (2022 – 6,283,031) potentially dilutive shares outstanding.

(h) Comprehensive Income

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the statement of operations.

(i) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended February 28, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

3. Convertible Debenture

On September 8, 2022, the Company purchased a $150,000 secured convertible debenture from LEEF Brands Inc. (“LEEF”) (formerly Icanic Brands Company Inc.). The debenture will bear interest at 11% per annum with a maturity date of 2 years from the date of issuance. The principal amount is 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 LEEF at $0.10 per unit. Each unit will consist of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of LEEF at a price of $0.15 per share for a period of 2 years from the date of conversion.

The fair value of the convertible debenture was determined to be $127,020 using a net present value calculation assuming a discount rate of 20% per annum. The Company will record accretion of the discount of $22,980 over the term of the debenture.

During the year ended February 28, 2023, the Company recognized accretion of the discount of $5,604, increasing the carrying value to $132,624 as at February 28, 2023. As at February 28, 2023, the Company has accrued interest receivable of $7,911.

(Expressed in Canadian dollars)

4. Investments

Investments are recorded at their estimated fair value 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 fair value of share purchase warrants of public companies are valued using the Black-Scholes option pricing model.

Details of the Company’s investments are as follows:

	Number of common shares held	Cost $	Fair value February 28, 2023 $
Public companies:			
Bitcoin Well Inc.	2,000,000	500,000	70,000
Lithium One Metals Inc.	300,000	96,511	180,000
New Energy Metals Corp.	500,000	143,386	207,500
Netramark Holdings Inc. (formerly Nurosene Health Inc.	400,000	135,619	220,000
Skylight Health Group Inc.	400,000	356,780	44,000
SPOD Lithium Corp.	300,000	84,119	45,000
Ultra Lithium Inc.	500,000	49,244	45,000
Private companies:			
CWE European Holdings Inc.	1,250,000	150,000	150,000
First Person Ltd.	50,000	175,000	340,225
Share purchase warrants	–	–	172,130
	5,700,000	1,690,659	1,473,855

	Number of Common shares held	Cost $	Fair value 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

During the year ended February 28, 2023, the Company disposed of certain investments for total proceeds of $799,630 and a realized gain of $99,387. During the year ended February 28, 2023, the Company had an unrealized loss on investments of $135,991.

During the year ended February 28, 2022, the Company disposed of certain investments for total proceeds of $1,152,786 and realized a gain of $397,606. During the year ended February 28, 2022, the Company had an unrealized loss on investments of $80,812.

(Expressed in Canadian dollars)

5. Accounts Payable and Accrued Liabilities

	2023 $	2022 $
Trade accounts payable	693,493	743,350
Accrued liabilities	16,013	15,322
Accrued interest payable (Note 6)	413,149	361,036
	1,122,655	1,119,708

6. 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 February 28, 2023 and 2022, the carrying value of the convertible debenture is $215,000 and accounts payable and accrued liabilities includes $261,476 (2022 - $239,975) in interest with respect to these convertible debentures.

(b) As at February 28, 2023, the Company owed $20,000 (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 February 28, 2023, the Company has incurred interest on this loan of $125,760 (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 February 28, 2023, the Company has incurred interest on this promissory note of $21,146 (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. As at February 28, 2023, there is a remaining interest payable of $4,767 (2022 - $4,767).

7. Related Party Transactions

(a) As at February 28, 2023, the Company owed $nil (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 year ended February 28, 2023, the Company incurred $63,000 (2022 - $76,750) in consulting fees to a company controlled by the Chief Financial Officer of the Company.

(b) During the year ended February 28, 2023, the Company incurred $132,000 (2022 - $121,000) in consulting fees to the Chief Executive Officer ("CEO") of the Company.

(c) During the year ended February 28, 2023, the Company incurred $nil (2022 - $135,417) in consulting fees to the former CEO of the Company.

7. Related Party Transactions (continued)

(d) During the year ended February 28, 2023, the Company incurred $92,000 (2022 - $55,500) in consulting fees to a director of the Company. As at February 28, 2023, the director owed $15,000 (2022 - $nil) to the Company. Refer to Note 16.

(e) During the year ended February 28, 2023, the Company incurred $15,750 (2022 - $nil) in consulting fees to a director of the Company.

(f) During the year ended February 28, 2023, the Company granted nil (2022 – 400,000) stock options with a fair value of $nil (2022 - $80,285) to officers and directors of the Company.

8. Share Capital

Authorized: Unlimited number of common shares without par value

Shares transactions during the year ended February 28, 2023:

(a) On September 21, 2022, the Company cancelled 66,667 common shares and 33,333 warrants due to the non-receipt of the $50,000 in share subscriptions receivable ($48,500 and $1,500 allocated to share capital and warrant reserve, respectively).

Share transactions during the year ended February 28, 2022:

(b) On April 14, 2021, the Company completed a private placement and issued 2,061,133 units at $0.75 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 $1.25 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 52,464 agent's warrants. Each agent's warrant is exercisable at a price of $0.75 per common share on or before October 14, 2021 and at a price of $1.00 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.

(c) During the year ended February 28, 2022, the Company issued 2,747,000 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.

(d) During the year ended February 28, 2022, the Company issued 420,000 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.

(Expressed in Canadian dollars)

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price $
Balance, February 28, 2021	7,261,666	0.30
Issued	1,083,031	1.25
Exercised	(2,747,000)	0.35
Expired	(754,667)	0.35
Balance, February 28, 2022	4,843,030	0.47
Expired	(52,464)	1.25
Cancelled	(33,333)	1.25
Balance, February 28, 2023	4,757,233	0.46

As at February 28, 2023, the Company had the following share purchase warrants outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
997,233	1.25	April 14, 2023
3,760,000	0.25	May 23, 2023
4,757,233		

10. 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.

(Expressed in Canadian dollars)

10. Stock Options (continued)

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

	Number of options	Weighted average exercise price $
Outstanding, February 28, 2021	1,300,000	0.30
Granted	960,000	0.90
Exercised	(420,000)	0.30
Expired	(400,000)	0.30
Outstanding, February 28, 2022	1,440,000	0.69
Expired	(1,040,000)	0.84
Outstanding, February 28, 2023	400,000	0.32

Additional information regarding stock options outstanding as at February 28, 2023 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.45	50,000	1.6	0.45
0.30	350,000	1.9	0.30
	400,000	1.9	0.32

For the year ended February 28, 2022, the total fair value of the stock options granted was $643,383 which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the year ended February 28, 2022 was $0.65 per option. The weighted average fair value of shares issued on the date of exercise of stock options was $0.525 per common share for the year ended February 28, 2022.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2022
Risk-free interest rate	0.68%
Expected life (in years)	1.8
Forfeiture rate	0%
Expected volatility	234%

(Expressed in Canadian dollars)

11. Supplemental Cash Flow Information

	Year ended February 28, 2023 $	Year ended February 28, 2022 $
Non-cash investing and financing activities:		
Transfer from share-based payment reserve to share capital upon stock options exercised	–	121,417
Transfer from warrants reserve to share capital upon warrants exercised	–	667,731
Fair value of warrants issued as part of a private placement	–	497,002
Fair value of agent's warrants issued	–	44,571
Transfer from advance to investments	–	150,000

12. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2023 and 2022 as follows:

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, February 28, 2023 $
Investments	811,500	172,130	490,225	1,473,855

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

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

12. Financial Instruments and Risk Management (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, accrued interest receivable, and convertible debenture receivable. 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.

(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.

(f) Price Risk

The Company is exposed to price risk with respect to its investments in common shares that trade in public markets.

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, share subscriptions receivable, 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%.

(Expressed in Canadian dollars)

15. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2023 $	2022 $
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(116,160)	(325,418)
Tax effect of:		
Permanent differences and other	(13,418)	240,185
Change in unrecognized deferred income tax assets	129,578	85,233
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2023 $	2022 $
Deferred income tax assets		
Non-capital losses carried forward	1,926,222	1,835,737
Investments	63,229	21,819
Property and equipment	6,612	6,612
Share issuance costs	5,991	8,308
Total gross deferred income tax assets	2,002,054	1,872,476
Unrecognized deferred income tax assets	(2,002,054)	(1,872,476)
Net deferred income tax asset	–	–

As at February 28, 2023, the Company has non-capital losses carried forward of $7,134,156, which are available to offset future years' taxable income. These losses expire as follows:

	$
2026	56,949
2027	36,881
2028	93,472
2029	64,705
2030	54,711
2031	149,954
2032	138,703
2033	81,711
2034	138,430
2035	128,811
2036	102,196
2037	267,197
2038	617,903
2039	1,265,634
2040	2,543,536
2041	369,793
2042	688,441
2043	335,129
	7,134,156

16. Subsequent Events

(a) On May 19, 2023, the Company completed a 5-for-1 share consolidation. All share amounts have been retroactively restated for all periods presented.

(b) Subsequent to February 28, 2023, a director of the Company repaid the $15,000 owing to the Company as at February 28, 2023.

(c) On June 23, 2023, the Company issued 2,500,000 units to settle accounts payable of $125,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.06 per share expiring on June 23, 2024.

(d) On June 23, 2023, the Company issued 17,000,000 units for proceeds of $850,000 pursuant to a private placement. Each unit consisted of one common share and one share purchase warrant exercisable at $0.06 per common share expiring on June 23, 2024.