VINERGY CAPITAL INC.

Condensed Interim Financial Statements

For the three months ended May 31, 2023 and 2022

(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 three months ended May 31, 2023 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)

	May 31, 2023 $	February 28, 2023 $
Assets		
Current assets		
Cash and cash equivalents	17,331	17,874
Accrued interest receivable (Note 3)	12,008	7,911
Prepaid expenses	16,077	21,249
Due from related party (Note 7)	10,000	15,000
Total current assets	55,416	62,034
Non-current assets		
Convertible debenture (Note 3)	135,576	132,624
Investments (Note 4)	1,041,400	1,473,855
Total non-current assets	1,176,976	1,606,479
Total assets	1,232,392	1,668,513
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 7)	1,148,273	1,122,655
Loans payable (Note 6)	235,000	235,000
Total liabilities	1,383,273	1,357,655
Shareholders' equity (deficit)		
Share capital (Note 8)	6,992,528	6,992,528
Warrant reserve (Note 8)	865,762	865,762
Share-based payment reserve (Note 10)	1,068,798	1,068,798
Equity component of convertible debt	176,251	176,251
Deficit	(9,254,220)	(8,792,481)
Total shareholders' equity	(150,881)	310,858
Total liabilities and shareholders' equity (deficit)	1,232,392	1,668,513

Nature of operations and continuance of business (Note 1)
Commitment (Note 13)
Subsequent events (Note 14)

Approved and authorized for issuance by the Board of Directors on July 31, 2023:

/s/ "Arif Merali"	*/s/ "Ken Ralfs"*
Arif Merali, Director	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 May 31, 2023 $	For the three months ended May 31, 2022 $
Investment income		
Interest income	4,097	-
Realized gain (loss) on investments	(773,259)	-
Unrealized gain (loss) on investments (Note 4)	408,389	(85,375)
Total investment income (loss)	(360,773)	(85,375)
Operating expenses		
Consulting fees (Note 7)	76,805	78,357
General and administrative	2,461	1,985
Professional fees	3,138	3,789
Transfer agent and filing fees	7,531	2,520
Travel	1,092	-
Total operating expenses	91,027	86,651
Loss before other item	(451,800)	(172,026)
Other items		
Accretion on discount (Note 3)	2,952	-
Interest expense	(12,891)	(15,661)
Total other items	(9,939)	(15,661)
Net loss for the period	(461,739)	(187,687)
Loss per share, basic and diluted	(0.02)	(0.01)
Weighted average common shares outstanding	20,984,663	21,051,330

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

VINERGY CAPITAL INC.
Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	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, 2022	21,051,330	7,041,028	(50,000)	867,262	1,068,798	176,251	(8,362,260)	741,079
Net loss for the period	–	–	–	–	–	–	(187,687)	(187,687)
Balance, May 31, 2022	21,051,330	7,041,028	(50,000)	865,762	1,068,798	176,251	(8,549,947)	553,392
Balance, February 28, 2023	20,984,663	6,992,528	–	865,762	1,068,798	176,251	(8,792,481)	310,858
Net loss for the period	–	–	–	–	–	–	(461,739)	(461,739)
Balance, May 31, 2023	20,984,663	6,992,528	–	865,762	1,068,798	176,251	(9,254,220)	(150,881)

(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 three months ended May 31, 2023 $	2022 $
Operating activities:		
Net loss for the period	(461,739)	(187,687)
Proceeds from sale of investments	248,091	-
Purchase of investments	(180,506)	(73,075)
Items not involving cash:		
Accrued interest charges	12,891	15,935
Accrued interest receivable	(4,097)	-
Accretion on discount	(2,952)	-
Realized loss on investments	773,259	-
Unrealized gain (loss) on investments	(408,389)	85,375
Changes in non-cash operating working capital:		
Amounts receivable	-	-
Due from related party	5,000	-
Prepaid expenses	5,172	5,507
Accounts payable and accrued liabilities	12,727	3,946
Net cash used in operating activities	(543)	(149,999)
Change in cash and cash equivalents	(543)	(149,999)
Cash and cash equivalents, beginning of period	17,874	1,296,097
Cash and cash equivalents, end of period	17,331	1,146,098
Cash and cash equivalents consist of:		
Cash in bank	16,609	94,592
Cash in brokerage account	722	1,047,326
Cash in legal trust account	-	4,180
Total cash and cash equivalents	17,331	1,146,098
Supplemental Disclosure of Cash Flow Information:		
Interest paid	-	-
Income taxes paid	-	-

(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 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 May 31, 2023, the Company incurred negative cash flow from operations. As at May 31, 2023, the Company has a working capital deficit of $1,327,857 and an accumulated deficit of $9,254,220 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. 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.

(Expressed in Canadian dollars)

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, 2023. 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, 2023.

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 period ended May 31, 2023, the Company recognized accretion of the discount of $2,952 (February 28, 2023 – $5,604), increasing the carrying value to $135,576 (February 28, 2023 – $132,624) as at May 31, 2023. As at May 31, 2023, the Company has accrued interest receivable of $12,008 (February 28, 2023 – $7,911).

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 May 31, 2023 $
Public companies:			
Anonymous Intelligence Co	400,000	64,152	72,000
Lithium One Metals Inc.	187,000	61,060	71,060
Mydecine Innov Group New	100,000	36,000	31,500
New Energy Metals Corp.	500,000	143,386	50,000
Netramark Holdings Inc. (formerly Nurosene Health Inc.	520,000	180,974	208,000
Ultra Lithium Inc.	400,000	39,244	22,000
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	–	–	96,615
	3,407,000	849,816	1,041,400

(Expressed in Canadian dollars)

4. Investments (continued)

	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

During the three months ended May 31, 2023, the Company disposed of certain investments for total proceeds of $248,091 and realized a loss of $773,259. During the three months ended May 31, 2023, the Company had an unrealized gain on investments of $408,389.

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.

5. Accounts Payable and Accrued Liabilities

	May 31, 2023 $	February 28, 2023 $
Trade accounts payable	694,199	693,493
Accrued liabilities	28,034	16,013
Accrued interest payable (Note 6)	426,040	413,149
	1,148,273	1,122,655

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 May 31, 2023 and February 28, 2023, the carrying value of the convertible debenture is $215,000 and accounts payable and accrued liabilities includes $266,895 (February 28, 2023 – $261,476) in interest with respect to these convertible debentures.

(b) As at May 31, 2023, the Company owed $20,000 (February 28, 2023 – $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 May 31, 2023, the Company has incurred interest on this loan of $133,232 (February 28, 2023 – $125,760), 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 May 31, 2023, the Company has incurred interest on this promissory note of $21,146 (February 28, 2023 – $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 May 31, 2023, there is a remaining interest payable of $4,767 (February 28, 2023 – $4,767).

(Expressed in Canadian dollars)

7. Related Party Transactions

(a) As at May 31, 2023, the Company owed $nil (February 28, 2023 – $nil) to a company controlled by the Chief Financial Officer of the Company which is included in accounts payable and accrued liabilities. During the three months ended May 31, 2023, the Company incurred $15,750 (2022 - $15,750) in consulting fees to a company controlled by the Chief Financial Officer of the Company.

(b) During the three months ended May 31, 2023, the Company incurred $33,000 (2022 - $33,000) in consulting fees to the Chief Executive Officer ("CEO") of the Company.

(c) As at May 31, 2023, the Company owed $7,000 (February 28, 2023 – $nil) to a director of the Company which is included in accounts payable and accrued liabilities. During the three months ended May 31, 2023, the Company incurred $21,000 (2022 - $25,000) in consulting fees to a director of the Company. As at May 31, 2023, the director owed $10,000 (February 28, 2023 – $15,000) to the Company. Subsequent to May 31, 2023, the director repaid the $10,000.

8. Share Capital

Authorized: Unlimited number of common shares without par value

There were no shares issued during the three months ended May 31, 2023.

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).

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted average exercise price $
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
Expired	(4.757,233)	0.46
Balance, May 31, 2023	-	-

(Expressed in Canadian dollars)

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.

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

	Number of options	Weighted average exercise price $
Outstanding, February 28, 2022	1,440,000	0.69
Expired	(1,040,000)	0.84
Outstanding, February 28, 2023 and May 31, 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	1.30	0.45
0.30	350,000	1.68	0.30
	400,000	1.63	0.32

(Expressed in Canadian dollars)

11. 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 May 31, 2023 and February 28, 2023 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, May 31, 2023 $
Investments	454,560	96,615	490,225	1,041,400

	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

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.

11. 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.

12. 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, 2023.

13. 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%.

14. Subsequent Events

(a) 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 22, 2024.

(b) 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 22, 2024.

(c) During the month of July 2023, 5,400,000 share purchase warrants were exercised at a price of $0.06 for total proceeds of $324,000.