

Condensed Consolidated Interim Financial Statements of

**COPLAND ROAD CAPITAL CORPORATION**

For the three months ended March 31, 2022 and 2021  
(Unaudited, in Canadian dollars)

## **NOTICE TO READER**

These interim condensed consolidated financial statements of Copland Road Capital Corp. have been prepared by management and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), released by the Canadian Securities Administrators, the Company discloses that its external auditor has not reviewed these interim condensed consolidated financial statements, notes to the interim condensed consolidated financial statements, or the related Management's Discussion and Analysis.

# COPLAND ROAD CAPITAL CORPORATION

## CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, in Canadian dollars)

As at	Note	March 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 1,063,356	\$ 1,317,124
HST and other receivables	6,7	84,750	818
Prepays and deposits		-	9,928
Assets held for sale	7	-	71,250
		\$ 1,148,106	\$1,399,120
<b>Non-current Assets</b>			
Property and equipment	8	-	-
<b>TOTAL ASSETS</b>		<b>\$ 1,148,106</b>	<b>\$ 1,399,120</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7	\$ 100,804	\$ 201,937
<b>TOTAL LIABILITIES</b>		<b>\$ 100,804</b>	<b>\$ 201,937</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	1,14	\$ 2,612,550	\$ 2,612,550
Obligation to issue shares	14	-	30,000
Deficit		(1,565,248)	(1,445,367)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		<b>\$ 1,047,302</b>	<b>\$ 1,197,183</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,148,106</b>	<b>\$ 1,399,120</b>
Nature of operations and going concern	1		
Subsequent events	1,6		

These condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2022, by:

"Jared Carroll"  
Director

"Bruce Langstaff"  
Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

# COPLAND ROAD CAPITAL CORPORATION

## CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, in Canadian dollars, except share data)

	Note	Three months ended	
		March 31, 2022	March 31, 2021
Expenses			
Selling, general and administrative	15	<b>118,624</b>	825,935
Depreciation and amortization	7,8	-	272,325
		<b>118,624</b>	1,098,260
Loss before other items		<b>(118,624)</b>	(1,098,260)
Other Items			
Accretion expense	11,12	-	(644,509)
Gain on convertible debt extinguishment, net	11,12	-	10,834,332
Foreign exchange gain (loss)		<b>(1,256)</b>	(9,150)
Interest and other income		-	9
Interest expense	10,11,12	-	(1,614,519)
Gain from discontinued operations	5	-	17,841,966
Net income (loss) for the period		<b>(119,881)</b>	25,309,869
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-	989,475
Total comprehensive loss		<b>(119,881)</b>	26,299,344
Basic and diluted income (loss) per share from continuing operations		<b>(0.02)</b>	0.75
Weighted average number of common shares outstanding, basic and diluted		<b>7,775,000</b>	33,813,734

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

## COPLAND ROAD CAPITAL CORPORATION

### CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the three months ended March 31, 2022 and 2021

(Unaudited, in Canadian dollars, except share data)

	Number of Shares	Share Capital	Shares to be issued	Reserves	AOCI	Deficit	Total
<b>Balance at December 31, 2021</b>	<b>7,775,000</b>	<b>\$2,612,550</b>	<b>\$30,000</b>	-	-	<b>(\$1,445,367)</b>	<b>\$1,197,183</b>
Successor share subscription	-	-	(30,000)	-	-	-	(30,000)
Net income and comprehensive income	-	-	-	-	-	(119,881)	(119,881)
<b>Balance at March 31, 2022</b>	<b>7,775,000</b>	<b>\$2,612,550</b>	-	-	-	<b>(\$1,565,248)</b>	<b>\$1,047,302</b>

	Number of Shares	Share Capital	Shares to be issued	Reserves	AOCI	Deficit	Total
Balance at December 31, 2020	121,729,441	\$12,862,367	-	\$12,310,294	(\$67,393)	(\$47,971,674)	(\$22,866,406)
Predecessor share cancellation	(121,729,441)	(12,862,367)	-	(12,310,294)	-	25,172,661	-
Successor share issuance	3,700,000	\$1,825,532	-	-	-	-	1,825,532
Unrealized gain/loss on translation of foreign operations	-	-	-	-	989,475	-	989,475
Net loss and comprehensive loss	-	-	-	-	-	25,688,763	25,688,763
Balance as March 31, 2021	3,700,000	\$1,825,532	-	-	\$922,082	\$2,889,750	\$5,637,364

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# COPLAND ROAD CAPITAL CORPORATION

## CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS

(Unaudited, in Canadian dollars)

	Three months ended March 31, 2022	Three months ended March 31, 2021
<b>Operating Activities</b>		
Net income (loss) from operations	(119,881)	25,145,957
Adjustment for non-cash items		
Accretion expense	-	644,509
Depreciation and amortization	-	272,325
Stock-based compensation	-	-
Unrealized foreign exchange loss	9,646	(11,151)
Gain on disposal of assets	-	(17,678,054)
Gain on convertible debt extinguishment, net	-	(10,834,332)
Gain on marketable securities	-	(14,172,410)
Changes in non-cash working capital items:		
HST and other receivables	(73,939)	152,486
Prepays and deposits	9,928	69,487
Trade payables and accrued liabilities	(101,133)	(604,126)
Receivable from disposal of assets	-	(7,702,188)
	(275,379)	(24,717,497)
Interest accrued (paid)	-	(1,614,519)
<b>Net cash flow used in continuing operations</b>	<b>(275,379)</b>	<b>(26,332,016)</b>
<b>Net cash flow provided by (used in) discontinued operations</b>	<b>-</b>	<b>1,341,617</b>
<b>Net cash flow used in operating activities</b>	<b>(275,379)</b>	<b>(24,990,399)</b>
<b>Investing Activities</b>		
Proceeds from disposal of assets	-	36,585,921
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>36,585,921</b>
<b>Financing Activities</b>		
Share subscription transferred	30,000	
Loan advances	-	11,497,500
Loan repayments	-	(21,593,300)
<b>Net cash flow used in financing activities</b>	<b>30,000</b>	<b>(10,095,800)</b>
Foreign exchange effect on cash	(8,389)	64,494
Change in cash	(253,768)	1,564,216
Cash, beginning	1,317,124	1,539,257
<b>Cash, ending</b>	<b>1,063,356</b>	<b>\$3,103,473</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **1. Nature of Operations and Going Concern**

### *Operations*

Copland Road Capital Corporation (the “Company”) was incorporated under the Canada Business Corporations Act and later continued into British Columbia on May 29, 2019, when the Company first changed its name from Innovative Properties Inc. to Nabis Holdings Inc. On January 14, 2022, The Company changed its name to Copland Road Capital Corporation to reflect its exit from the cannabis industry. The Company’s shares are listed on the Canadian Securities Exchange under the symbol “CRCC” since January 14, 2022. The head office of the Company is located at 7-B Pleasant Blvd., Suite 978, Toronto, ON M4T 1K2.

On September 28, 2021, the successor shareholders of the Company approved a plan of arrangement to redeem the Senior Unsecured Notes issued pursuant to the Senior Unsecured Notes Indenture dated January 26, 2021, and amended on April 1, 2021. The Plan of Arrangement was filed by the Company in proceedings commenced under the British Columbia Business Corporations Act. Pursuant to the Plan of Arrangement, the Company entered into a series of transactions that had the effect of redeeming all of the outstanding Senior Unsecured Notes at \$64 for each \$100 principal amount of the debentures outstanding on an “interest flat” basis, following the sale of all of the Subordinate Voting Shares of Verano Holdings Corp. the Company held (note 8) to Caravel CAD Fund Ltd. The series of transactions were completed on December 2, 2021 (note 15), subsequent to the Company receiving a final order from the Supreme Court of British Columbia approving the previously proposed plan of arrangement.

### *Going concern*

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Prior to the implementation of the Proposal, the Company had incurred losses and negative cash flows from operations since inception that have primarily been funded through financing activities.

As at March 31, 2022, the Company has a deficit of \$1,565,248 and \$1,047,302 in working capital.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

### *COVID-19*

The outbreak of the coronavirus, also known as “COVID-19,” spread across the globe and impacted worldwide economic activity. The outbreak and the related mitigation measures has resulted in a widespread health crisis that is adversely affecting the economies and financial markets worldwide, including the businesses which the Company operates. Furthermore, continuing difficulties relating to travel and the limited ability to have in-person meetings are expected to have an adverse effect on the Company’s businesses. The extent to which COVID-19 impacts the Company’s businesses will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the Canada and other countries to contain and treat the disease. The effect that these events may have are highly uncertain and as such, the Company cannot determine the corresponding financial impacts at this time.

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**2. Basis of Preparation**

*(a) Statement of compliance*

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”) applicable to the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. These financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021.

*(b) Basis of measurement*

These consolidated interim financial statements have been prepared on a historical cost basis. In addition, these statements have been prepared on an accrual basis, except for cash flow information.

*(c) Basis of consolidation*

These consolidated interim financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated and presented within these consolidated financial statements for the period the Company possessed its control:

Subsidiary	Control	Location	Status
Nabis Technologies Corp.	100%	Canada	Dissolved in January 2022
Be In Synergy Inc.	100%	Canada	Dissolved in January 2022
Abis Biopharma Corporation	100%	Canada	Dissolved in January 2022
Nabis (CAN) Holdings Corp	100%	Canada	Dissolved in January 2022
Nabis (US) Corp.	100%	USA	Dissolved in January 2022
Nabis AZ, LLC (“Nabis AZ”)	100%	USA	
Perpetual Healthcare Inc.	100%	USA	Disposed in March 2021
Nabis Arizona Property, LLC	100%	USA	Dissolved in December 2021
Nabis Joint Ventures (AZ), LLC	100%	USA	Dissolved in December 2021
Nabis Hemp Holdings, LLC	100%	USA	Dissolved in December 2021
Nabis Holdings California Inc.	100%	USA	Dissolved in January 2022
Nabis Holdings California, LLC	100%	USA	
Nabis Holdings, LLC	100%	USA	Dissolved in December 2021
Nabis NM LLC	100%	USA	Dissolved in December 2021
Nabis Holdings Oklahoma Inc.	100%	USA	
Nabis Oklahoma Patient Care Inc.	100%	USA	
Nabis Holdings Washington, LLC	100%	USA	Dissolved in January 2022

All intercompany transactions are eliminated in full upon consolidation. The Company continues to wind down remaining inactive subsidiaries subsequent to the period.

**(d) Functional and presentation currency**

The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Company is the Canadian dollar.

**(e) Significant estimates and assumptions**

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future periods include the recoverability and measurement of deferred tax assets, the valuation of assets held for sale, the recoverability of receivables, the impairment of non-financial assets, and the useful life of property and equipment.

**(f) Significant judgments**

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated interim financial statements include the assessment of the Company's ability to continue as a going concern, the determination of the functional currency.

**3. Significant Accounting Policies**

The Company applied the same accounting policies in these condensed consolidated interim financial statements as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2021.

In preparing these condensed consolidated interim financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2021. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2021.

**4. Future changes in accounting policies**

The following new amendment to standards and interpretations under IFRS are not yet effective for the three-months ended March 31, 2022, and have been applied in preparing these condensed consolidated interim financial statements:

*IAS 1 – Presentation of Financial Statements*

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the

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transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2022 and are to be applied retrospectively, with early adoption permitted. The Company did not have any non-current liabilities for the three-month period ended March 31, 2022 and has assessed the financial impact of the amendments.

**5. Discontinued Operations**

On February 26, 2021, the Company, through its subsidiary Nabis AZ, entered into an Assignment and Change of Control Agreement (the “Agreement”) with Verano Arizona LLC (“Verano Arizona”), a subsidiary of Verano Holdings Corp. (“Verano”), whereby Nabis AZ assigned and transferred the management rights and interest associated with Perpetual Healthcare Inc., which operates the Emerald Dispensary in Phoenix, Arizona, to Verano Arizona (the “Assignment”) for the consideration of US\$11,250,000 in cash (“Cash Consideration”), US\$11,250,000 in Class A Subordinate Voting Shares of Verano (“Share Consideration”) and a promissory note of US\$6,125,000 due 60 days after the closing date. The Assignment was closed on March 10, 2021 and the Company had recorded a gain of \$17,841,966 on the sale of Perpetual upon closing of the Assignment.

**6. HST and Other Receivables**

	<b>March 31, 2022</b>	December 31, 2021
HST receivable	\$ -	\$ 818
Other receivables	<b>84,750</b>	-
	<b>\$ 84,750</b>	\$ 818

On March 31, 2022, the Company completed sale of its cannabis grow containers for total proceeds of \$84,750 classified as Assets Held for Sale at December 31, 2021 (note 7). The Company received cash proceeds subsequent to end of the period.

**7. Assets Held For Sale**

As at December 31, 2021, the balance of assets held for sale comprised the following:

	<b>March 31, 2022</b>	December 31, 2021
Extraction and production equipment	\$ -	\$ -
Cannabis grow containers	-	71,250
	<b>\$ -</b>	\$ 71,250

*Cannabis Cultivation Equipment*

The Company had purchased custom designed modular cannabis cultivation equipment at a total cost of \$990,000 during 2019. During 2021, the Company elected to dispose these containers as part of its exit from cannabis business (note 1). As a result, the Company wrote down these equipment by \$131,576 based on selling price less cost to sell and classified \$71,250 as assets held for sale at year end. The assets were sold to a third party in March of 2022 for total proceeds of \$84,750. Payment was received subsequent to quarter end.

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**8. Property, Plant and Equipment**

Substantially all of the Company’s property, plant and equipment was disposed of during 2021, except for the modular cultivation equipment that was sold in March 2022 as detailed above in Note 7.

The Company did not own any property, plant and equipment as at March 31, 2022.

**9. Trade Payables and Accrued Liabilities**

Trade payables and accrued liabilities consist of the following:

	<b>March 31, 2022</b>	December 31, 2021
Trade payables	\$ 15,396	\$ 110,096
Accrued liabilities	85,408	91,841
	<b>\$ 100,804</b>	<b>\$ 201,937</b>

**10. Note Payable**

In October 2019, the Company, through Nabis AZ, executed an asset purchase agreement (“Agreement”) to acquire the exclusive rights to operate the Emerald dispensary in Phoenix, Arizona, whose license is held by Perpetual. The fair value of total consideration for the transaction was \$18,446,904 of which \$8,919,094 was paid in cash up-front and the remaining balance, in the form of a note payable with an interest rate of 5% and a face value of US\$8,000,000 was due 12 months after closing (“Note Payable”).

Nabis AZ was required to make payment to the vendors under the Agreement of approximately USD \$8.1 million, including accrued interest. On October 25, 2020, Nabis AZ was unable to fund the discharge of the US\$8,000,000 note payable obligation.

On January 15, 2021, Nabis AZ obtained a US\$9,000,000 one-year loan (“Bridge Loan”) bearing interest at 12% per annum to repay the defaulted Note Payable in full, including the principal amount, accrued interest and other related costs, for a total amount of \$10,758,107 (US\$8,472,285).

On March 10, 2021, the Bridge Loan, including minimum interest payments and early termination fees totaling \$12,372,161 (US\$9,834,786) was repaid in full with proceeds from the sale of Perpetual.

**11. Convertible Debentures**

On March 26, 2019, the Company issued 35,088 units of unsecured convertible debentures at a price of \$1,000 per unit for total principal of \$35,088,000; each unit also consists of 1,111 warrants with an exercise price of \$1.10 per common share, coupon rate of 8% per annum payable on the last day of each calendar quarter and were convertible into common shares of the Company at a conversion price of \$0.90 per share at the option of the holder. These convertible debentures had a maturity date of March 26, 2022. The convertible debentures were applied with an effective interest rate of 20% when initially measured at \$26,633,198.

On January 26, 2021, the 8% convertible debentures had a carrying value of \$29,913,955. As a result of implementation of the Proposal, the Company derecognized the convertible debentures, together with interest payable

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of \$1,815,422, in full and recognized a net gain of \$11,974,074 on the extinguishment of the convertible debentures in 2021.

**12. Senior Unsecured Notes**

On September 28, 2021, the Company redeemed the Senior Unsecured Notes in full pursuant to the Plan of Arrangement (note 1) at \$64 for each \$100 principal amount with no interest accrued. The redemption was funded with proceeds of \$14,103,680 received from the sales of Class A Verano Shares and Class B Verano Shares to Caravel CAD Fund Ltd., a related party to the Company. Upon redemption, the Senior Unsecured Notes has a carrying value of \$19,859,819, together with an interest payable of \$1,029,843, which resulted in a gain of \$6,169,660 upon the extinguishment of these Senior Unsecured Notes and was recognized during 2021.

**13. Related Party Transactions**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for three-month period ended March 31, 2022 and 2021 are as follows:

	<b>March 31, 2022</b>	March 31, 2021
Management and consulting fees	\$ 20,000	\$ 40,000
Salaries and wages	-	18,333
	<b>\$ 20,000</b>	<b>\$ 58,333</b>

**14. Share Capital**

*(a) Authorized*

The predecessor share capital was cancelled upon the implementation of Proposal on January 26, 2021. The authorized share capital of the Company consists of an unlimited number of successor common shares with no par value. The successor common shares are voting and are entitled to dividends if, as and when declared by the Board of Directors.

*(b) Common shares issued and outstanding*

There are 7,775,000 common shares issued and outstanding. 150,000 common shares were issued during the period that had been subscribed for in 2021.

**15. Selling, General and Administrative Expenses**

	Three months ended	
	<b>March 31, 2022</b>	March 31, 2021
Salaries and benefits	\$ 25,941	\$ 72,718
Consulting and management fees	26,950	78,556
Professional fees	40,781	632,062
Business Development, filing fees and office general	24,844	39,356
Banking and merchant fees	108	3,243
<b>Total</b>	<b>\$ 118,624</b>	<b>\$ 825,935</b>

**16. Financial Risk Management and Capital Management**

See discussion on the Proposal and Plan of Arrangement in note 1.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. Cash deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

***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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

The following table details the remaining contractual maturities of the Company's financial liabilities as of March 31, 2022:

	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 – 5 years</b>	<b>Total</b>
Trade payables and accrued liabilities	\$ 100,804	\$ -	\$ -	\$ 100,804
<b>Balance, December 31, 2021</b>	<b>\$ 100,804</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,804</b>

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and debt financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding.

***Foreign Exchange Risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. During the three-month period ended March 31, 2022, the Company has US dollar balances in cash and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations during the period. As at March 31, 2022, the Company has a nominal amount of cash denominated in US dollar, therefore management considers the foreign exchange to be at minimal risk.

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***Capital Management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity as at March 31, 2022. The basis for the Company's capital structure is dependent on the Company's expected future investment and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of business. Management reviews its capital management approach on an ongoing basis.

The Company is not subject to externally imposed capital requirements as at March 31, 2022.

***Fair Value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk. The Company did not hold any marketable securities at March 31, 2022 (note 12).

There were no transfers between the levels of the fair value hierarchy during the period.