Consolidated Financial Statements of

COPLAND ROAD CAPITAL CORPORATION

For the years ended December 31, 2022 and 2021
(Expressed in Canadian dollars, unless stated otherwise)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Copland Road Capital Corporation

Opinion

We have audited the consolidated financial statements of Copland Road Capital Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss) comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 audit 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 to the financial statements, which indicates that the Company has an accumulated deficit of $1,893,982 as of December 31, 2022 and as of the date, the Company's current assets exceeded its current liabilities by $824,698. 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

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other 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 Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 3, 2023

COPLAND ROAD CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	**December 31 2022**	December 31, 2021
ASSETS			
Current Assets			
Cash		**$ 959,660**	$ 1,317,124
Other receivables	6	**13,847**	818
Prepaids and deposits		**308**	9,928
Assets held for sale	8	**-**	71,250
TOTAL ASSETS		**$ 973,815**	$ 1,399,120
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	12	**$ 149,117**	$ 201,937
TOTAL LIABILITIES		**149,117**	201,937
SHAREHOLDERS' EQUITY			
Share capital	1,17	**2,701,050**	2,612,550
Obligation to issue shares		**-**	30,000
Reserves		**17,630**	-
Deficit		**(1,893,982)**	(1,445,367)
TOTAL SHAREHOLDERS' EQUITY		**824,698**	1,197,183
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 973,815**	$ 1,399,120

Nature of operations and going concern	1
Subsequent events	1,22

These consolidated financial statements were approved by the Board of Directors on May 3, 2023, by:

"Jared Carroll"
Director

"Bruce Langstaff"
Director

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

COPLAND ROAD CAPITAL CORPORATION

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

(Expressed in Canadian dollars, except share data)

	Note		Year ended		
			December 31, 2022		December 31, 2021
Expenses					
Selling, general and administrative	18	$	**410,988**	$	1,437,916
Share-based compensation	16,17		**106,130**		-
Depreciation and amortization	9,10,11		-		492,577
Loss from operations			**(517,118)**		**(1,930,493)**
Other Items					
Accretion expense	13,14		-		(2,631,366)
Gain on debt extinguishment, net	13,14		-		18,143,734
Loss on marketable securities	7		**37**		(7,660,749)
Foreign exchange gain (loss)			**(1,148)**		(499,893)
Interest and other income	21		**69,614**		73,687
Interest expense	13,14,15		-		(2,431,430)
Impairment of equipment	8		-		(131,576)
Gain from disposal of asset	8		-		84,213
			68,503		4,946,620
Net income (loss) from continuing operations			**(448,615)**		3,016,128
Discontinued Operation					-
Net income from discontinued operation	5		-		562,945
Gain on sale of assets and liabilities associated with discontinued	5		-		17,841,966
			-		
Net income (loss) for the period			**(448,615)**		21,421,039
Other Comprehensive loss:					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations			-		(67,393)
Total comprehensive loss		$	**(448,615)**	$	21,353,646
Basic and diluted income (loss) per share from continuing operations		$	**(0.06)**	$	0.24
Basic and diluted income (loss) per share from discontinued operations		$	-	$	1.48
Weighted average number of common shares outstanding, basic and diluted			**7,974,822**		12,397,621

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

COPLAND ROAD CAPITAL CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, except share data)

	Number of Shares	Share Capital	Shares to be issued	Reserves	AOCI	Deficit	Total
Balance at December 31, 2021	**7,775,000**	**$ 2,612,550**	**$ 30,000**	**$ -**	**$ -**	**$ (1,445,367)**	**$ 1,197,183**
Successor share subscription	-	-	**(30,000)**	-	-	-	**(30,000)**
Restricted Stock Units	**442,500**	**88,500**	-	**17,630**	-	-	**106,130**
Net loss	-	-	-	-	-	**(448,615)**	**(448,615)**
Balance at December 31, 2022	**8,217,500**	**$ 2,701,050**	**$ -**	**$ 17,630**	**$ -**	**$ (1,893,982)**	**$ 824,698**

	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	1,825,550	-	-	-	-	1,825,550
Private Placement	4,075,000	787,000	-	-	-	-	787,000
Successor shares subscription received	-	-	30,000	-	-	-	30,000
Reclassified comprehensive loss from discontinuted operations	-	-	-	-	67,393	(67,393)	-
Net income	-	-	-	-	-	21,421,039	21,421,039
Balance as December 31, 2021	7,775,000	$ 2,612,550	$ 30,000	$ -	$ -	$ **(1,445,367)**	$ 1,197,183

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

COPLAND ROAD CAPITAL CORPORATION

CONSOLIDATED STATEMENT OF CASHFLOWS

(Expressed in Canadian dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
Operating Activities				
Net income (loss) from operations	$	**(448,615)**	$	3,016,128
Adjustment for non-cash items				
Accretion expense		-		2,631,366
Depreciation and amortization		-		492,577
Interest expense		-		2,431,430
Change in fair value of marketable securities		-		9,133,610
Share based compensation		**106,130**		-
Gain on marketable securities		-		(1,472,861)
Gain on debt extinguishment		-		(18,143,734)
Gain on disposal of property and equipment		-		(84,213)
Impairment of property and equipment		-		131,576
Unrealized foreign exchange (gain) loss		-		678,403
Changes in non-cash working capital items:				
Other receivables		**(13,029)**		155,487
Prepaids and deposits		**9,620**		142,126
Trade payables and accrued liabilities		**(52,820)**		(1,563,840)
		(398,714)		(2,451,945)
Interest paid		-		(1,584,377)
Net cash flow used in continuing operations		**(398,714)**		(4,036,322)
Net cash flow used in discontinued operations		-		(299,743)
Net cash flow used in operating activities		**(398,714)**		(4,335,795)
Investing Activities				
Proceeds from sale of marketable securities		-		14,103,680
Proceeds from sale of property and equipment		**71,250**		154,399
Net cash flow provided by continuing investing activities		-		28,887,212
Net cash flow provided by discontinued investing activities		-		14,608,564
Net cash flow from investing activities		**71,250**		28,866,643
Financing Activities				
Issuance of shares for cash		-		787,000
Share subscription received/returned		**(30,000)**		30,000
Proceeds from loan payable		-		11,497,500
Repayment of note payable		-		(10,220,000)
Repayment of loan payable		-		(11,322,000)
Repayment of senior unsecured loan		-		(14,720,000)
Net cash flow used in financing activities		**(30,000)**		(23,947,500)
Change in cash of continuing operations during the year		**(357,464)**		903,390
Change in cash of discontinued operations during the year		-		(320,042)
Foreign exchange effect on cash		-		43,559
Cash, beginning		**1,317,124**		1,539,257
Cash, ending	$	**959,660**	$	1,317,124

The accompanying notes are an integral part of these consolidated 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 U.S. cannabis business on the same date. The Company's shares are listed on the Canadian Securities Exchange under the symbol "CRCC". The head office of the Company is located at 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

On January 26, 2021, all previously issued equity of the Company was cancelled, and the successor shares and Senior Unsecured Notes were issued to the Debenture holders, pursuant to a proposal to creditors under the *Bankruptcy and Insolvency Act* (the "Proposal") which was unanimously approved at a meeting of creditors held on December 14, 2020, approved by the Ontario Superior Court of Justice on December 21, 2020. Each creditor received its *pro rata* share of (a) 3,700,000 new common shares of the Company and (b) $23,000,000 in new senior unsecured notes with interest at 5.3% per annum and due January 2023 on the terms set out in the Proposal (the "Senior Unsecured Notes"). As a result, the share capital of $12,862,367 and reserve of $12,310,294, representing the fair value of the common shares, common share purchase warrants and stock options, were reclassified to deficit.

On September 28, 2021, the shareholders of the Company approved a plan of arrangement (the "2021 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 2021 Arrangement was filed by the Company in proceedings commenced under the British Columbia *Business Corporations Act* (the "BCBCA"). Pursuant to the 2021 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 Senior Unsecured Notes outstanding on an "interest flat" basis, following the sale of all of the Subordinate Voting Shares of Verano Holdings Corp. the Company held (note 14) to Caravel CAD Fund Ltd. for $14,103,680. The 2021 Arrangement was completed on December 2, 2021 (note 14).

On December 13, 2022, the shareholders of the Company approved a statutory plan of arrangement (the "SpinCo Arrangement") under Division 5 of Part 9 of the BCBCA, which involved, among other things, that the then current shareholders of the Company would exchange the existing common shares of the Company in exchange for:

a) new common shares of the Company, on a 1:1 basis; plus

b) common shares of each of its then wholly-owned subsidiaries (together, the "SpinCos" and each a "SpinCo"), on a 0.25 for one basis:

   (i) Bothwell Road Capital Corp. ("Bothwell Road"),

   (ii) Broomloan Road Capital Corp. ("Broomloan Road"),

   (iii) Edmiston Drive Capital Corp. ("Edmiston Drive"),

   (iv) Goram Capital Corp. ("Goram"),

1. Nature of Operations and Going Concern (continued)

(v) James Bell Capital Corp. ("James Bell").

Subsequent to year end, the arrangement became effective and each shareholder deposited existing common shares to the Company (which were subsequently cancelled) and received one new common share of the Company, 0.25 Bothwell Road common shares, 0.25 Broomloan Road common shares, 0.25 Edmiston Drive common shares; 0.25 Goram common shares and 0.25 James Bell common share for each common share held at the time of the closing of the SpinCo Arrangement.

Going concern

These consolidated 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 December 31, 2022, the Company has a deficit of $1,893,982 and $824,698 in working capital. These factors, among others, indicate the existence of material uncertainty as to the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported 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.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 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 for the years ended December 31, 2022 and 2021 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(b) Basis of measurement

These consolidated 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 financial statements for the year ended December 31, 2022 include the accounts of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. Basis of Preparation (continued)

The financial statements of the 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	Inactive
Nabis AZ, LLC ("Nabis AZ")	100%	USA	Inactive
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	Inactive
Nabis Holdings, LLC	100%	USA	Dissolved in December 2021
Nabis NM LLC	100%	USA	Dissolved in December 2021
Nabis Holdings Oklahoma Inc.	100%	USA	Inactive
Nabis Oklahoma Patient Care Inc.	100%	USA	Inactive
Nabis Holdings Washington, LLC	100%	USA	Dissolved in January 2022
Bothwell Road Capital Corporation[1]	100%	Canada	Inactive
Broomloan Road Capital Corporation[1]	100%	Canada	Inactive
Edmiston Drive Capital Corporation[1]	100%	Canada	Inactive
Goram Capital Corporation[1]	100%	Canada	Inactive
James Bell Capital Corporation[1]	100%	Canada	Inactive

[1] Subsequent to year end, the Company's interest in these subsidiaries was reduced to approximately 31% as a result of the implementation of the Plan of Arrangement detailed in Notes 1 and 22.

All intercompany transactions are eliminated in full upon consolidation. The Company continues to wind down remaining inactive subsidiaries subsequent to the period. The Company incorporated the SpinCos on July 20, 2022. The non-operational dormant subsidiaries of the Company are: Nabis (US) Corp., Nabis AZ, Nabis Holdings California, LLC, Nabis Holdings Oklahoma Inc., and Nabis Oklahoma Patient Care Inc.

(d) Functional and presentation currency

The consolidated 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 which is also the presentation currency of the consolidated financial statements.

2. Nature of Operations and Going Concern (continued)

(e) Significant estimates and assumptions

The preparation of consolidated 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, and assumptions in applying accounting policies and reported amounts of assets and liabilities and revenue and expenses. The most significant judgments in applying the Company's consolidated financial statements include the assessment of the Company's ability to continue as a going concern, and the determination of the functional currency.

3. Significant Accounting Policies

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	FVTPL
Other receivables	Amortized cost
Trade Payables	Amortized cost

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortization is recorded as a straight-line over the estimated useful lives. The significant classes of property and equipment and their useful lives are as follows:

Class	Useful Life
Building and improvements	25 years
Furniture, machinery and equipment	1 - 3 years
Leasehold improvement	Lease term
Right-of-use assets	Lease term

Discontinued Operations

Discontinued operations represent a major line of business or geographic area of operations for the Company that have either been disposed of or classified as held for sale. The items in the consolidated statement of financial position related to discontinued operations are presented on specific lines in the annual consolidated financial statements. Profit or loss items related to discontinued operations are shown separately in the consolidated financial statements for all periods presented if they are material to the Company.

3. Significant Accounting Policies (continued)

Impairment of Non-financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized to profit or loss. The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use.

Intangible Assets

An intangible asset is an identifiable asset without physical substance. An asset is identifiable if it is separable, or arises from contractual or legal rights, regardless of whether those rights are transferrable or separable from the Company or from other rights and obligations. Intangible assets included in the assets associated with discontinued operations consist of cannabis license and brands.

Finite-lived intangible assets acquired externally or internally generated and available for use are measured at cost less accumulated amortization and impairment losses. The amortization is recognized straight-line over their estimated useful lives from the date they are available for use. The cost of a group of intangible assets acquired externally is allocated to the individual intangible assets based on their relative fair values. The cost of intangible assets acquired externally comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

The amortization periods of the Company's intangible assets are as follows:

Type	Amortization Period
Brands	10 years
License	10 years

Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use.

Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Nonmonetary

3. Significant Accounting Policies (continued)

Foreign Currency Translation (continued)

items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Inventory

Inventory included in the assets associated with discontinued operations consists primarily of finished goods. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Convertible Debentures

The components of the compound financial instrument (convertible debenture) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument. At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar nonconvertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the convertible debentures will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs related to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and amortized over the estimated useful life of the debentures using the effective interest rate method.

3. Significant Accounting Policies (continued)

Revenue Recognition

Revenue was derived in the discontinued operation and was recognized in accordance with the five steps in IFRS 15 *Revenue from Contracts with Customers* by following the following steps:

(i) Identify the contract with customer;
(ii) Identify the performance obligations in the contract;
(iii) Determine the transaction price, which is the total consideration provided by the customer;
(iv) Allocate the transaction price among the performance obligations in the contract based on their relative fair value; and
(v) Recognize revenue when the revenue criteria are met for each performance obligation.

<u>*Retail and wholesale revenue*</u>
Retail and wholesale revenue represent the sale of physical cannabis goods to the customer for which revenue is recognized on transfer of control of the product to the customer on shipment to or collection by the customer. Payment for retail and wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer.

Cost of Sales

Cost of sales was attributable to discontinued operations and includes the expenses incurred to acquire and produce inventory for sale, including product costs, inbound freight and duty costs, as well as provisions related to product shrinkage, excess or obsolete inventory, or net realizable value adjustments as required.

Share-Based Payments

The Company operated a stock option plan prior to the implementation of Proposal. Share-based payments to employees were measured at the fair value on the grant date of stock options and recognized over the vesting period. Share-based payments to non-employees are measured at fair value of goods or services received or otherwise at fair value of the share-based payments were recorded at the date the goods or services are received. The corresponding amount was recorded to the option reserve. The fair value was determined using the Black-Scholes Option Pricing Model. The number of stock options expected to vest was reviewed and adjusted at the end of each reporting period.

Subsequent to the Proposal, the Company established an Omnibus Long-Term Incentive Plan (the **"Plan"**) that was approved by shareholders on September 28, 2021. Grants under the Plan are measured at fair value on the grant date and are recognized as share-based compensation expense ratably over the vesting period.

Income Taxes

<u>*Current Income Tax*</u>
Current income tax assets and liabilities for the 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, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in

3. Significant Accounting Policies (continued)

Income Taxes (continued)

other comprehensive income or equity and not in profit or loss. 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 Tax

Deferred tax arises from 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 tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income (Loss) per Share

Basic income or loss per share is calculated by dividing the net income or loss available to common shareholders for the period by the weighted-average number of common shares outstanding in the period. The Company uses the treasury stock method to calculate diluted income or loss per share. Diluted income or loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Diluted amounts are not present when the effect of the computations is anti-dilutive.

Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4. Future changes in accounting policies

The following new amendment to standards and interpretations under IFRS are yet effective for the year ended December 31, 2022, and have been applied in preparing these consolidated 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 transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for

(Expressed in Canadian dollars)

4. Future changes in accounting policies (continued)

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 year ended December 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 "Assignment 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 "Promissory Note"). The Assignment Agreement was closed on March 10, 2021 and the Company recorded a gain of $17,841,966 on the sale of Perpetual upon closing of the Assignment Agreement.

Assets:		**Total**
Cash	**$**	**528,496**
Inventory		**677,838**
Prepaid expenses		**132,131**
Property and equipment		**180,469**
Intangible assets		**7,332,041**
Goodwill		**9,620,177**
Liabilities:		**18,471,152**
Trade and other payables		**(664,969)**
Net assets		**17,806,183**
Proceeds from disposition:		
US$11,500,000 paid for Cash Consideration		**14,629,133**
541,994 Class A Subordinate Voting Shares of Verano for US$11,500,000 Share Consideration in May 2021		**13,278,853**
US$6,125,000 promissory note receivable, received in 350,644 Class A Subordinate Voting Shares of Verano		**7,740,163**
		35,648,149
Gain on disposal of discontinued operation	**$**	**17,841,966**

(Expressed in Canadian dollars)

5. Discontinued Operations (continued)

The operating results of the discontinued operations are as follows:

		Period from January 1, 2021 - March 10, 2021
Revenue:		
Retail and wholesale revenue	**$**	**2,919,338**
Other income		**31,538**
		2,950,876
Costs of goods sold		**(1,707,538)**
		1,243,338
Expenses:		
Depreciation		**-**
Salaries and wages		**(408,053)**
Consulting fee		**-**
Professional fee		**(21,093)**
Office and general		**(60,814)**
Rent		**(167,567)**
Insurance		**(14,983)**
Banking and merchant fees		**(7,883)**
Net income for the period	**$**	**562,945**

6. Other Receivables

		December 31, 2022		December 31, 2021
HST receivable	**$**	**13,847**	$	818
	$	**13,847**	$	818

7. Marketable Securities

During the year ended December 31, 2021, the Company received the Share Consideration (note 5) in respect of the Assignment Agreement and an additional 350,644 Class A Subordinate Voting Shares of Verano pursuant to the terms of the Promissory Note (note 5). All these were sold in 2021 to fund the Company's obligations under the 2021 Arrangement (notes 1, 14). The following table summarizes the Company's activity in marketable securities for the comparable period:

		December 31, 2022		December 31, 2021
Fair value, beginning of the year	**$**	**-**	$	-
Share Consideration (notes 1, 5, 14)		**-**		13,278,853
Promissory Note (notes 1, 5, 14)		**-**		8,485,576
Loss on marketable securities		**-**		(7,660,749)
Proceeds from sale of marketable securities		**-**		(14,103,680)
Fair value, end of the year	**$**	**-**	$	-

(Expressed in Canadian dollars)

8. Assets Held For Sale

As at December 31, 2022 and 2021, the balance of assets held for sale comprised the following:

	December 31, 2022	December 31, 2021
Cannabis grow containers	**$ -**	$ 71,250
	$ -	$ 71,250

Cannabis Grow Containers

The Company purchased custom designed cannabis grow containers at a total cost of $990,000 during 2019. During 2021, the Company decided to dispose these containers due to its exit from the cannabis business (note 1). As a result, the Company wrote down these containers by $131,576 based on the selling price less the cost to sell and classified $71,250 as the value of assets held for sale for the year ended December 31, 2021. The sale of these assets was completed during the year ended December 31, 2022 for $75,000. The Company paid a $3,750 commission in connection with the sale.

Extraction and Production Equipment

In November 2020, the Company entered into an agreement to sell the extraction and production equipment purchased from PDT Technologies, LLC in 2019 for US$125,000 and terminate the production lease facility. The agreement, including the termination of the production facility lease, was subject to customary closing conditions including approval from the Washington State Liquor and Cannabis Board which was received on May 12, 2021. During the year 2021, the Company received a deposit of $29,657 (US$25,000) and a second payment of $59,363 (US$50,000) upon closing on May 12, 2021. The remaining balance of $65,379 (US$50,000) was rendered with a note receivable with 6-month term and bearing interest at 10% per annum. The note receivable was collected in full on December 8, 2021. A gain on disposal of property and equipment of $84,213 was recorded for the disposal of the equipment during the year ended December 31, 2021.

9. Property, Plant and Equipment

The Company disposed of its retail operation Perpetual Healthcare Inc. in March, 2021 (note 5), its Washington extraction and production equipment in May 2021 (note 8) and recognized cannabis grow containers as Assets Held for Sale at December 31, 2021 (note 8).

The Company did not own any property, plant and equipment for the year ended December 31, 2022.

(Expressed in Canadian dollars)

9. Property, Plant, and Equipment (continued)

	Furniture, Machinery and Equipment	Leasehold Improvement	Total
Cost			
Balance, December 31, 2020	$ 1,194,344	$ 14,382	$ 1,208,726
Impairments	(131,576)	-	(131,576)
Disposals (note 8)	(203,185)	(14,382)	(217,567)
Reclassified to asset held for sale	(859,583)	-	(859,583)
Balance, December 31, 2021 and 2022	-	-	-
Accumulated depreciation:			
Balance, December 31, 2020	519,816	1,558	521,374
Depreciation	303,667	390	304,057
Disposals (note 8)	(35,150)	(1,948)	(37,098)
Reclassified to asset held for sale	(788,333)	-	(788,333)
Balance, December 31, 2021 and 2022	-	-	-
Net Book Value:			
Balance, December 31, 2021	$ -	$ -	$ -
Balance, December 31, 2022	$ -	$ -	$ -

10. Intangible Assets and Goodwill

Intangible assets

	License	Brand	Total
Cost:			
Balance, December 31, 2020	$ 7,976,400	$ 543,725	$ 8,520,125
Disposals (note 5)	(7,976,400)	(543,725)	(8,520,125)
Balance, December 31, 2021 and 2022	-	-	-
Accumulated amortization:			
Balance, December 31, 2020	952,737	64,945	1,017,682
Amortization	155,097	15,305	170,402
Disposals (note 5)	(1,107,834)	(80,250)	(1,188,084)
Balance, December 31, 2021 and 2022	-	-	-
Net book value:			
Balance, December 31, 2020	$ 7,023,663	$ 478,780	$ 7,502,443
Balance, December 31, 2021 and 2022	$ -	$ -	$ -

Intangible assets include the license and brand acquired from the acquisition of Perpetual during 2019. Upon the sale of Perpetual on March 10, 2021, the carrying value of $7,332,041 of intangible assets was derecognized.

Goodwill

Goodwill of $9,620,177 as at March 10, 2021 and December 31, 2020 was resulted from the acquisition of Perpetual during 2019. The full balance of goodwill was derecognized upon the closing of the sale of Perpetual on March 10, 2021.

(Expressed in Canadian dollars)

11. Right-Of-Use Assets

In connection with the Company's Proposal, the office premises lease was terminated on December 31, 2020 with an effective date of January 10, 2021. Accordingly, the right-of-use asset and lease liability relating to the office premise lease was adjusted in 2020.

In light of the agreement to sell the assets acquired from PDT and terminate the Washington production facility lease (note 8), the Company adjusted the expected right-of-use asset and corresponding liability as at December 31, 2020. The right-of-use assets and the lease liability associated with the Washington production facility lease was derecognized upon the closing of the disposal of the asset on May 12, 2021. There were no additions to Right-Of-Use Assets in the year ended 2022.

Cost		**Total**
Balance, December 31, 2020	$	253,189
Lease terminations		(253,189)
Balance, December 31, 2021 and 2022		-
Accumulated Amortization		
Balance, December 31, 2020	$	(187,965)
Amortization		(18,118)
Lease Terminations		(206,083)
Balance, December 31, 2021 and 2022	$	-

12. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities consist of the following:

		December 31, 2022		December 31, 2021
Trade payables	**$**	**125,704**	$	110,096
Accrued liabilities		**23,413**		91,841
	$	**149,117**	$	201,937

13. Convertible Debentures

		December 31, 2022		December 31, 2021
Balance, beginning of the year	**$**	**-**	$	29,012,683
Accretion expense		**-**		701,359
Interest expense		**-**		199,953
Derecognition upon debt extinguishment (note 1)		**-**		(29,913,995)
Balance, ending of the year	**$**	**-**	$	-

Prior to implementation of the Proposal, the 8% convertible debentures had a carrying value of $29,012,683. The Company recognized a net gain on the extinguishment of the convertible debentures of $11,974,074. With the implementation of the proposal, the Company issued $23,000,000 in Senior Unsecured Notes (see notes 1 and 14). The Senior Unsecured Notes were redeemed pursuant to the 2021 Arrangement (see notes 1 and 14).

14. Senior Unsecured Notes

On January 26, 2021, in connection with the implementation of the Proposal, the Company issued $23,000,000 in Senior Unsecured Notes bearing interest at 5.3% per annum, payable on a quarterly basis, and maturing on January 26, 2023. The Company applied an estimated 20% market interest rate for a similar debt instrument and applied this rate to obtain the fair value $17,929,812 for the Senior Unsecured Notes at inception. Accretion expense of $1,930,006 and interest expense of $1,029,842 were recorded for the Senior Unsecured Notes payable.

On December 2, 2021, the Company redeemed the Senior Unsecured Notes in full pursuant to the 2021 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 then related party to the Company. Upon redemption, the Senior Unsecured Notes had 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 the Senior Unsecured Notes and was recognized during the year ended December 31, 2021.

15. Note Payable

In October 2019, the Company, through Nabis AZ, executed an asset purchase agreement (“APA”) 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 APA of approximately USD $8.1 million, including accrued interest. On October 25, 2020, Nabis AZ was unable to fund the discharge of the Note Payable.

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).

At the time the proceeds were received, the lender of the Bridge Loan was an arm’s length party, who however subsequently became a related party of the Company upon the completion of the Company’s Proposal on January 26, 2021. 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 the proceeds from the closing of the Assignment Agreement.

16. 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 the year ended December, 2022 and 2021 are as follows:

(Expressed in Canadian dollars)

16. Related Party Transactions (continued)

	December 31, 2022	December 31, 2021
Salaries and wages	**$ 97,950**	$ 190,941
Share-based compensation	**100,130**	-
	$ 198,080	$ 190,941

17. Share Capital

(a) Authorized

The predecessor share capital was fully cancelled upon the implementation of the Proposal on January 26, 2021. The authorized share capital of the Company, following the implementation of the Proposal, consists of an unlimited number of common shares with no par value.

(b) Common shares issued and outstanding

Immediately prior to the January 26, 2021, the date of the implementation of Proposal, the Company had 121,729,441 predecessor common shares outstanding. Upon implementation of the Proposal (note 1), all existing equity claims on the capital of the Company, including common shares, common share purchase warrants, stock options, restricted share units, and any other similar equity-like securities of the Company were cancelled. 3,700,000 common shares of the Company, together with the $23,000,000 in Senior Unsecured Notes, were issued to settle all unsecured creditor claims. The fair value of the common shares issued, in the amount of $1,825,550, was determined based on the 10-day volume weighted average share price of the common shares commencing the first day it resumed to be publicly traded.

On May 13, 2021, the Company completed a non-brokered private placement financing of gross proceeds of $252,000 through the issuance of 1,400,000 common shares at a price of $0.18 per common share. On December 29, 2021, the Company closed a second non-brokered private placement financing of gross proceeds $535,000 through issuance of 2,675,000 common shares at a price of $0.20 per common share.

In May 2022, the Board of Directors approved the grant of an aggregate of 580,000 RSUs under the Plan to certain Officers, Directors and employees of the Company. In 2022, 442,500 of the RSUs vested, with the balance of 137,500 shares vesting in May, 2023. Grants of RSUs under the plan are measured at fair value on the grant date, which management has determined is equal to the market price of the underlying common shares on the grant date. The fair value of the awards was $116,000 with $106,130 recognized as an expense in the year-ended December 31, 2022 (2021 -$ nil). Awards under the Plan are summarized as follows:

(Expressed in Canadian dollars)

17. Share Capital (continued)

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Restricted Share Units	**Average Price**	Restricted Share Units	Average Price
Balance, beginning of year	**-**	**$ -**	-	$ -
Issued during year	**580,000**	**0.20**	-	-
Vested during year	**442,500**	**0.20**	-	-
Forfeited during year	**-**	**-**	-	-
Balance, end of year	**137,500**	**$ 0.20**	-	$ -

18. Selling, General and Administrative Expenses

	Year ended	
	December 31, 2022	December 31, 2021
Salaries and benefits	**$ 52,488**	$ 208,710
Consulting and management fees	**114,369**	225,077
Professional fees	**175,395**	825,928
Business Development, filing fees and office general	**68,140**	131,836
Sales and Marketing	**-**	50,000
Occupancy (adjustment)	**-**	(18,798)
Banking and merchant fees	**596**	15,173
Total	**$ 410,988**	$ 1,437,916

19. Financial Risk Management and Capital Management

See discussion on the Proposal and the 2021 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.

19. Financial Risk Management and Capital Management (continued)

At December 31, 2022 the Company had cash of $959,660 to settle its current liabilities of $149,117.

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 that equity and debt funding will be available to the Company on attractive terms, or at all.

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. As at December 31, 2022, the Company has U.S. 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 U.S. 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 December 31, 2022, the Company has a nominal amount of cash denominated in U.S. dollars, therefore management considers foreign exchange to be a minimal risk.

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 solely of shareholders' equity as at December 31, 2022. The basis for the Company's capital structure is dependent on the Company's expected future investments 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. There were no changes to the Company's capital management policies or procedures during the year ended December 31, 2022.

The Company is not subject to externally imposed capital requirements as at December 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.

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

(Expressed in Canadian dollars)

20. Income Taxes

The reconciliation of the income tax provision at the statutory tax rate to the reported income tax provision is as follows:

	December 31, 2022	December 31, 2021
Net income (loss) for the year before tax	**$ (448,615)**	$ 21,421,039
Statutory tax rate	**27%**	27%
Expected income tax expense (recovery)	**(121,000)**	5,632,000
Non-deductible expenses and non-taxable income	**29,000**	(5,903,000)
Increase in unrecognized tax assets	**92,000**	271,000
Income tax expense	**$ -**	$ -

The Company has the following deferred tax assets and liabilities:

	December 31, 2022	December 31, 2021
Deferred tax assets		
Share issuance costs	$ **129,000**	$ 533,000
Allowable capital costs	**103,000**	103,000
Non-capital losses	**8,400,000**	8,003,000
	8,632,000	8,639,000
Net deferred tax assets	**8,632,000**	8,639,000
Unrecognized deferred tax assets	**(8,632,000)**	(8,639,000)
	$ -	$ -

As at December 31, 2022, the Company has approximately $27,233,000 (December 31, 2021 - $26,528,000) of non- capital losses in Canada and non-capital losses of approximately $1,046,000 (December 31, 2021- Nil) in the United States which can be carried forward to offset future taxable income that expire in years 2028 – 2042.

21. Other Income

During the year ended 2022, the Company received $67,674 as a return of funds relating to expenses paid in 2021.

	2022	2021
Return of funds from intermediary	**$ 67,674**	**$ -**
Interest and other income	**1,940**	**73,687**
Total	**$ 69,614**	**$ 73,687**

22. Subsequent Events

On January 27, 2023, the Company completed a non-brokered private placement financing through the issuance of 2,713,500 common shares in the capital of the Company at a price of $0.25 per common share for gross proceeds of $678,375.

On January 31, 2023, the Company completed the SpinCo Arrangement (note 1).