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**NASS VALLEY GATEWAY LTD**  
**Condensed Interim Consolidated Financial Statements**  
**Three Months Ended**  
**March 31, 2023 and 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

# Nass Valley Gateway Ltd

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at March 31, 2023, (Unaudited)	As at December 31, 2022, (Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 10,938	\$ 1,865
Assets of discontinued operations (note 5)	17,838	17,853
<b>Total assets</b>	<b>\$ 28,776</b>	<b>\$ 19,718</b>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 173,306	\$ 173,423
Due to related parties (note 9)	8,746,869	8,814,012
Note payable (note 7)	1,407,028	1,312,914
Liabilities of discontinued operations (note 5)	5,515,012	5,486,692
<b>Total Liabilities</b>	<b>15,842,215</b>	<b>15,787,041</b>
<b>Shareholders' deficiency</b>		
Share capital (note 8)	1,896,665	1,896,665
Reserve	457,370	457,370
Deficit	(17,540,422)	(17,481,413)
Accumulated other comprehensive income (loss)	(627,052)	(639,945)
<b>Total shareholders' deficiency</b>	<b>(15,813,439)</b>	<b>(15,767,323)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 28,776</b>	<b>\$ 19,718</b>

Nature of operations and going concern (note 1); Commitments and contingencies (note 10)

Approved on behalf of the Board of Directors:

"Michael Semler", Director

"Michael Racaniello", Director

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

## Nass Valley Gateway Ltd

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

Three Months Ended March 31,	2023	2022
Sales	\$ -	\$ 6,991
Cost of sales		
Purchases	-	3,500
Gross margin	-	3,491
Operating expenses		
Marketing and promotion	4,831	94,779
Professional fees	-	102,771
Office and miscellaneous	3,293	39,563
Bank and interest charges	16,931	2,920
Consulting fees	-	12,029
Regulatory fees	1,492	-
	(26,547)	(248,571)
<b>Loss for continuing operations</b>	<b>(26,547)</b>	<b>(248,571)</b>
<b>Discontinued operations</b>		
Loss from discontinued operations	(32,462)	(30,389)
<b>Net loss</b>	<b>(59,009)</b>	<b>(278,960)</b>
<b>Other comprehensive income (loss)</b>		
Foreign currency translation adjustment including discontinued operations	12,893	181,620
<b>Comprehensive loss</b>	<b>\$ (46,116)</b>	<b>\$ (97,340)</b>
<b>Basic and diluted net loss per share</b>		
Continued operations	\$ (0.00)	\$ (0.00)
Discontinued operations	\$ 0.00	\$ 0.00
<b>Weighted average number of shares outstanding</b>	<b>328,732,777</b>	<b>312,832,777</b>

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

**Nass Valley Gateway Ltd**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net loss for the period	\$ (59,009)	\$ (278,960)
Net loss from discontinued operations	32,462	30,389
Net loss from continuing operations	(26,547)	(248,571)
Adjustment for:		
Changes in non-cash working capital items:		
Inventory	-	5,342
Due from related parties	-	8,504
Accounts payable and accrued liabilities	(117)	(961)
<b>Net cash provided by (used in) operating activities</b>	<b>(26,664)</b>	<b>(235,686)</b>
<b>Financing activities</b>		
Advances from related parties	-	187,777
Repayments to related party	(59,514)	-
Proceeds from note payable	78,451	-
<b>Net cash provided by (used in) financing activities</b>	<b>18,937</b>	<b>187,777</b>
<b>Net change in cash</b>	<b>(7,727)</b>	<b>(47,909)</b>
Effect of foreign currency translation	16,800	(9,456)
<b>Cash, beginning of period</b>	<b>1,865</b>	<b>57,177</b>
<b>Cash, end of period</b>	<b>\$ 10,938</b>	<b>\$ (188)</b>

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

## Nass Valley Gateway Ltd

### Condensed Interim Consolidated Statements of Changes in Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Amount	Reserve	Deficit	Accumulated other comprehensive Income (loss)	Total
<b>Balance, January 1, 2022</b>	<b>312,832,777</b>	<b>\$ 1,329,274</b>	<b>\$ 457,370</b>	<b>\$(14,521,061)</b>	<b>\$ 287,097</b>	<b>(12,447,320)</b>
Net loss for the period	-	-	-	(278,960)	-	(278,960)
Foreign currency adjustment	-	-	-	-	181,620	181,620
<b>Balance, March 31, 2022</b>	<b>312,832,777</b>	<b>\$ 1,329,274</b>	<b>\$ 457,370</b>	<b>\$(14,800,021)</b>	<b>\$ 468,717</b>	<b>\$(12,544,660)</b>
<b>Balance, January 1, 2023</b>	<b>328,732,777</b>	<b>\$ 1,896,665</b>	<b>\$ 457,370</b>	<b>\$(17,481,413)</b>	<b>\$ (639,945)</b>	<b>\$(15,767,323)</b>
Net loss for the period	-	-	-	(59,009)	-	(59,009)
Foreign currency adjustment	-	-	-	-	12,893	12,893
<b>Balance, March 31, 2023</b>	<b>328,732,777</b>	<b>\$ 1,896,665</b>	<b>\$ 457,370</b>	<b>\$(17,540,422)</b>	<b>\$ (627,052)</b>	<b>\$(15,813,439)</b>

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

## **1. Nature of operations and going concern**

Nass Valley Gateway Ltd. (the “Company” or “NVG”) is incorporated under the laws of British Columbia, Canada. The Company is focused on the sales of organic, non-GMO hemp-based zero THC Cannabidiol (“CBD”) products. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) trading under the symbol “NVG”. The principal business address of the Company is 170- 422 Richards Street, Vancouver, BC, V6B 2Z4.

On January 29, 2020, the Company acquired 100% of equity interest of Nass Valley Gardens Inc. (“NVGI”) from two directors of the Company for a nominal consideration of US\$1. On the date of acquisition, NVGI had immaterial assets or liabilities.

During the three months period ended March 31, 2023, the Company has incurred net loss from continuing operations of \$26,547 (December 31, 2022 - \$2,835,446) and as at March 31, 2023, the Company had an accumulated deficit of \$17,540,422 (December 31, 2022 - \$17,481,413). The operations have been funded primarily by the issuance of equity, and advances from related parties. During the year 2019, the Company discontinued its PTI business as described in note 5, and accordingly, does not have a continuing operation which generates significant revenue, cash flow or profitability. The Company has a working capital deficit of \$15,813,439 (December 31, 2022 - \$15,767,323). Future operations of the Company are dependent upon the Company’s ability to develop a new business, receive continued financial support, and complete equity financings and ultimately the generation of profitable operations. These factors raise significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company’s assets may be materially less than the amounts recorded in these financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise capital or conduct normal operating activities. Management will continue to monitor the situation.

The ultimate duration and magnitude of the COVID-19 pandemic’s impact on the Company’s operations and financial position is not known at this time. An estimate of the financial effect of the pandemic on the Company is not practicable at this time.

## **2. Statement of compliance**

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS interpretations Committee (“IFRIC”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of October 27, 2023, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2022, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2023, could result in restatement of these unaudited condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been authorized for release by the Company’s Board of Directors on October 27, 2023.

## **3. Significant accounting policies**

### **a. Basis of measurement and preparation**

The condensed interim consolidated financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4.

### **b. Consolidation**

These condensed interim consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries, including ABL, PTI and NVGI. All intercompany transactions and balances are eliminated on consolidation.

### **c. Cash and equivalents**

Cash is comprised of cash on hand and term deposits. Cash equivalents include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company did not have cash equivalents as at March 31, 2023 and December 31, 2022.

### **d. Foreign currency**

The presentation and functional currency of the Company is the Canadian dollar. The functional currency of ABL, PTI and NVGI is the US dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are retranslated at historical exchange rates.

### **3. Significant accounting policies (continued)**

#### **e. Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resourced embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

#### **f. Inventory**

The Company values inventories of harvested bulk cannabis and finished goods at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain other selling costs related to inventories are expensed in the period incurred. During the year ended December 31, 2022, the Company wrote down inventories of \$131,390 (December 31, 2021 - \$175,440).

#### **g. Share issue costs**

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

#### **h. Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

#### **i. Loss per share**

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. The loss per share information has been presented retrospectively as required to reflect the share structure in place for 2023 as if it had been in place for the prior year presented for comparative purposes.



### **3. Significant accounting policies (continued)**

#### **j. Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting loss nor taxable loss and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the underlying assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **k. Non-current assets held for sale and discontinued operations**

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as non-current items in the consolidated statement of financial position.

### **3. Significant accounting policies (continued)**

#### **k. Non-current assets held for sale and discontinued operations (continued)**

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- i. Represents a separate major line of business or geographical area of operations
- ii Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- iii Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive loss.

Additional disclosures are provided in Note 5. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

#### **l. Impairment of long-lived assets**

Long-lived assets, including intangible assets, with finite lives are tested for impairment at the end of each reporting period. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in profit or loss, or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in net income.

#### **m. Revenue recognition**

The Company derived revenue primarily from the sale of durable medical equipment and cannabis products. The Company recognizes revenue from sales of durable medical equipment and cannabis products once customers take control of the products at the designated delivery points in accordance with IFRS 15, *Revenue from Contracts with Customers*.

Some of the Company's sales programs allow customers limited product return rights. Management estimates potential future product returns and exchanges and reduces current period product revenue. Actual returns may vary from estimates if the Company experiences a change in actual sales, returns or exchange patterns due to unanticipated changes in products, or competitive and economic conditions. There was no allowance for product returns as of March 31, 2023 and 2022 as management estimated that returns were immaterial.

### 3. Significant accounting policies (continued)

#### n. Financial instruments

##### a. Recognition and initial measurement

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value net of transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### b. Classification and subsequent measurement

###### Financial assets

On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- ii. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- iii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, FVOCI, or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### 3. Significant accounting policies (continued)

#### o. Financial instruments (continued)

##### b. Classification and subsequent measurement (continued)

###### Financial assets: Subsequent measurement and gains and losses

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of comprehensive loss. The Company's cash is measured at FVTPL.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statement of comprehensive loss. The Company's accounts receivable, other receivable and due from related parties are measured at amortized cost.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of comprehensive loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of comprehensive loss. The Company does not have any assets classified as debt investments at FVOCI.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statement of comprehensive loss. The Company does not have any assets classified as equity investments at FVOCI.

###### Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of comprehensive loss. Any gain or loss on derecognition is also recognized in the consolidated statement of comprehensive loss. The Company's accounts payable, merchant cash advances, due to related parties, other payable and loans payable are measured at amortized cost.

##### c. Derecognition

###### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

### 3. Significant accounting policies (continued)

#### o. Financial instruments (continued)

##### c. Derecognition (continued)

###### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of comprehensive loss, unless the transaction involves a creditor that is also a direct or indirect shareholder of the Company that is also acting in its capacity as such, in which case the difference is recognized in the consolidated statement of equity.

##### d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### e. Impairment

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end using expected credit loss ("ECL") model. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding account receivables, is directly reduced by the impairment loss. The carrying amount of account receivable is reduced through the use of an allowance account. When account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

### 3. Significant accounting policies (continued)

#### p. New accounting standards and recent pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company in the current period and at a future date.

##### IAS 1 – Presentation of Financial Statements

In February 2021, the IASB issued an amendment to IAS 1 to defer the effective date of the January 2020 Classification of Liabilities as Current or Non-current (Amendments to IAS 1) by one year to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted. In June 2021, the IASB issued an amendment to IAS 1 to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are to be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

##### IAS 8 – Accounting Policies, Change in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8 to introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual period beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

##### IAS 12 – Income Taxes

In May 2021, the IASB issued an amendment to IAS 12 to narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

##### IFRS 10 Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”)

In September 2014, IFRS 10 and IAS 28 were amended to address a conflict between the requirements of the standards and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

#### **4 Significant accounting estimates and judgments**

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Company has identified the following areas where significant judgments, estimates and assumptions are made, where actual results may differ from these estimates and this may materially affect the Company's financial results or consolidated statement of financial position in future periods.

Significant areas requiring the use of management estimates include valuation of warrants and share-based payments, recognition of deferred income tax assets, and deferred income tax rates.

Significant areas requiring management judgement include:

##### *Going concern*

Assessment of the Company's ability to continue as a going concern requires estimates of future cash flows and includes the consideration of other factors, the outcomes of which are uncertain.

##### *Utilization of deferred income tax assets*

Deferred tax assets require management judgement in order to determine the amounts to be recognized and the likelihood that there will be future taxable income for which the deferred tax assets can be utilized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

##### *Determination to classify assets as held for sale*

Classification of assets, liabilities and operations as held for sale as discontinued operations requires management to consider its future intent for the operation and a determination about whether to continue the operation.

#### **5. Discontinued operations**

To streamline the Company's plan to focus on sale of durable medical equipment and Cannabidiol ("CBD") with zero THC content for internal use including CBD infused skin, bath and body care products, management of the Company decided to discontinue the operations of PTI. Therefore, PTI's assets and liabilities have been presented as discontinued operation at March 31, 2023 and December 31, 2022.

The operating results of PTI are presented as discontinued operations and there has been no activity other than interest expense of \$32,462 for the three months ended March 31, 2023, thereby reporting net loss from discontinued operations of \$32,462. (March 31, 2022 - \$30,389)

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**5. Discontinued operations** (continued)

At March 31, 2023 and December 31, 2022, the assets and liabilities related to the disposal PTI group were as follows:

	Note	March 31, 2023	December 31, 2022
		\$	\$
<b>Current assets</b>			
Cash		-	-
Accounts receivable and prepaid		-	-
Inventory		-	-
Due from related parties	(i)	17,838	17,853
<b>Total current assets</b>		17,838	17,853
<b>Non-current assets</b>			
Equipment		-	-
<b>Total non-current assets</b>		-	-
<b>Total assets of discontinued operations</b>		17,838	17,853
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		599,480	599,967
Factoring agreements payable	(ii)	223,799	223,981
Due to related parties	(v)	656,360	656,894
Due to ABL	(iii)	365,684	365,684
Notes payable, current portion	(vi)	3,643,145	3,613,601
Other payable		26,544	26,565
<b>Total current liabilities</b>		5,515,012	5,486,692
<b>Total liabilities of discontinued operations</b>		5,515,012	5,486,692

(i) The due from related parties related consisted of amount receivable from two directors of the Company, representing balances incurred in the normal course of business.

(ii) PTI entered into various sales of future accounts receivable under factoring agreements for cash. These agreements are short term in nature with repayment terms ranging from 120 to 300 days, and are repayable by fixed daily payments until the agreed balance has been remitted. As of March 31, 2023, the balance due under these factoring agreements was \$223,799 (December 31, 2022 - \$223,981). The March 31, 2023 balance of \$223,799 was overdue as of June 30, 2017.

(iii) The amount represented advances from ABL to PTI, the discontinued operations. This amount was written off during the year ended December 31, 2022. See note 9.

(iv) During the year ended December 31, 2020, the Company wrote off assets including inventories, amounts receivable and other assets in the total amount of \$106,404.



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**5. Discontinued operations** (continued)

(v) As at March 31, 2023, the balance due to National Brace Inc., a related party under common control of a director of the Company, totaled \$195,069 (USD \$144,143) (December 31, 2022 - \$195,228), representing balances incurred in the normal course of business. The difference is due to fluctuation of foreign exchange rates.

PTI entered into a management services agreement with NY DME, LLC ("NY DME"), a related party owned by the Company's president. NY DME provides durable medical equipment and related services and supplies to patients pursuant to the agreement. The fee for the said services is 10% of weekly collected income, as defined. During the years ended December 31, 2022 and 2021, PTI incurred \$nil (2019- \$168,061) for services provided under the agreement. As of March 31, 2023, total amount owed to NY DME was \$425,054 (USD \$314,087) (December 31, 2022- \$425,399), which is included in liabilities on the accompanying consolidated statements of financial position. The difference is due to fluctuation of foreign exchange rates.

Due to related parties also included balances owing to other related parties of \$36,237 as at March 31, 2023 (December 31, 2022 - \$36,267), representing balances incurred in the normal course of business.

(vi) PTI had the following note payable activity for the periods ended March 31, 2023, and December 31, 2022:

	<b>Related parties</b>	<b>Madison, LLC</b>	<b>Total</b>
	\$	\$	\$
Balance and current portion, December 31, 2020	2,081,178	1,071,323	3,152,501
Accrued interest	37,605	82,731	120,336
Foreign currency translation adjustment	(8,652)	(3,345)	(11,997)
Balance, December 31, 2021	2,110,131	1,150,709	3,260,840
Accrued interest	39,033	85,873	124,906
Foreign currency translation adjustment	146,008	81,847	227,855
Balance, December 31, 2022	2,295,172	1,318,429	3,613,601
Accrued interest	10,145	22,317	32,462
Foreign currency translation adjustment	(1,860)	(1,058)	(2,918)
Balance, March 31, 2023	2,303,457	1,339,688	3,643,145

Related party notes payable

On August 18, 2016, PTI entered into a promissory note agreement with the former Chief Financial Officer of the Company for USD \$250,000. The note bore interest at a rate of 4% per month and had an original maturity date of October 18, 2016. In December 2017, the maturity date was extended to January 31, 2018, and in January 2018, the maturity date was further extended to May 17, 2018. Effective January 1, 2020, the annual interest rate is 12%. As of March 31, 2023, outstanding balance on the promissory note was \$338,325 (USD\$250,000) (December 31, 2022 - \$338,600) and interest payable was \$679,497 (December 31, 2022 – \$669,892). The promissory note is in default and currently due on demand and unsecured. Interest expense for the three months ended March 31, 2023 amounted to \$10,145.

On November 30, 2018, the Company entered into a promissory note agreement with National Brace, a related party under common ownership under which, \$1,394,580 (USD \$1,100,000) of the outstanding balance due to National Brace, was refinanced to a long term obligation due on May 31, 2020. The note is in default, due on demand, unsecured and non-interest-bearing. As of March 31, 2023, outstanding balance on the promissory note was \$1,285,635 (USD \$950,000) (December 31, 2022 - \$1,286,680).

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**5. Discontinued operations** (continued)

Madison, LLC

On July 7, 2017, PTI entered into a secured promissory note agreement with a Madison, LLC (the "Lender") for borrowing up to \$682,100 (USD \$500,000). The note bears interest at a rate of 12% per annum and is secured by the Company's accounts receivable. In the event of default, the note bears interest at a rate of 18% per annum. All unpaid principal and interest were due in full on July 6, 2018. On February 8, 2018, PTI entered into an amended and renewed promissory note agreement ("First Amendment") with the Lender. Under the First Amendment, the remaining unpaid principal of \$682,100 (USD \$500,000) was increased to \$954,940 (USD \$700,000) and payable as follows: \$68,210 (USD \$50,000) on March 1, 2018, \$102,315 (USD \$75,000) on April 1, 2018, \$170,525 (USD \$125,000) on May 1, 2018, \$272,840 (USD \$200,000) on June 1, 2018 and \$341,050 (USD \$250,000) plus all accrued interest on July 1, 2018. The Company determined that the First Amendment represented substantial modifications of the financial liabilities under IFRS 9, as the respective differences between the net present value of the remaining cash flows under the modified terms exceeded 10 percent different from the net present value of the remaining cash flows of the note prior to the modification, both discounted at the original effective interest rate. The resulting different of \$259,140 is recognized in the consolidated statement of loss and comprehensive loss. On July 6, 2018, PTI entered into a second amended and renewed promissory note agreement ("Second Amendment") with the Lender pursuant to which the lender waived the late fees incurred by PTI and continued to allow interest to accrue at a rate of 12% per annum instead of at the default rate, and extended the maturity date of the note to October 15, 2018 with a modified repayment schedule in consideration of a fee of \$136,420 (USD \$100,000) (the "Extension Fee") in free-trade shares (the "Shares") of Nass Valley Gateway Ltd ("Nass Valley"). If the Shares are not publicly trading on or before July 31, 2018, the Extension Fee shall be paid on July 31, 2018. Under the Second Amendment, the remaining unpaid principal of \$613,890 (USD \$450,000) and interest shall be due and payable as follows: \$68,210 (USD \$50,000) on July 31, 2018, \$68,210 (USD \$50,000) on August 30, 2018, \$68,210 (USD \$50,000) on September 30, 2018 and \$409,260 (USD \$300,000) plus all accrued interest on October 31, 2018. The Company determined that the Second Amendment represented substantial modification of the financial liabilities under IFRS 9, as the respective differences between the net present value of the cash flows under the modified terms exceeded 10 percent different from the net present value of the remaining cash flows of the note prior to the modification, both discounted at the original effective interest rate. The resulting difference of \$123,789 is recognized in the consolidated statement of loss and comprehensive loss. As of March 31, 2023, outstanding balance and Extension Fee on the note was \$744,315 (USD \$550,000) (December 31, 2022 - \$744,920), and the promissory note was in default and due on demand. The interest payable totaled \$595,373 as at March 31, 2023 (December 31, 2022 - \$573,509). The interest expense for the three months ended March 31, 2023, amounted to \$22,317.

(vii) Included in professional services is consulting and management fees charged by related parties, including directors, management and entities under the common control of these parties or family members of these parties in the aggregated amount of \$413,869 for the year ended December 31, 2019.

PTI entered into a management services agreement with National Brace, a related party under common control of a director. Pursuant to the agreement, National Brace provides certain management services, including but not limited to, receiving and reviewing prescriptions for DME, checking patient insurance benefits, communicating with prescribing physicians and/or patients and arranging the shipping of the prescribed products. Management fees under the agreement equal to \$28,181 (USD \$21,750) per week. In addition, PTI reimburses National Brace for the full cost of the services provided. The agreement was terminated as at January 1, 2020. During the year ended December 31, 2022, and 2021, management fees under the agreement totaled \$nil (2019 - \$ 226,568).

(viii) Included in wages and benefit is salaries of \$119,421 paid to management for the year ended December 31, 2019.

## **6. Other payable to shareholder**

On November 2, 2018, the Company received proceeds of \$190,170 (December 31, 2020 - \$190,980) equivalent to USD \$150,000 from a shareholder. The amount was non-interest-bearing.

On March 27, 2018, the Company received proceeds of \$190,170 (December 31, 2020 - \$190,980) equivalent to USD \$150,000 from a shareholder bearing interest at 10% per annum for a term of 120 days.

On September 20, 2019, the Company received \$126,780 (December 31, 2020 - \$127,320) equivalent to USD \$100,000 from a shareholder. The amount was non-interest-bearing.

The above parties entered into share purchase agreements with Global 1 Solutions LLC ("Global 1"), an entity under the common control of a director of the Company, whereby Global would sell common shares of the Company held by Global 1 and the proceeds were directed to ABL as advances from Global 1. As of December 31, 2020, the shares have been transferred to the above parties and therefore, the total amount was included as amount due to related parties as at December 31, 2022 and December 31, 2021 (note 9).

## **7. Note payable**

The Company obtained unsecured loans from unrelated third parties for payment of operating expenses for an original term of one year bearing an interest of 5 (five) percent per annum and repayable at a mutually agreed date. These are reported as current liabilities.

## **8. Share capital**

### **a) Authorized share capital**

At March 31, 2023, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value as well as an unlimited number of classes A-1 and A-2 of convertible preference shares at no par value.

### **b) Issue of common shares**

As at March 31, 2023 and December 31, 2022, the issued and outstanding common shares were 328,732,777.

Pursuant to the reverse-take over transaction, the Company issued 280,000,000 shares in exchange for 2,000 shares of ABL during the year ended December 31, 2019.

During the year ended December 31, 2019, the Company issued 516,000 common shares pursuant to exercise of 516,000 stock options at \$0.10/share.

During the year ended December 31, 2019, the Company issued 20,000 common shares pursuant to exercise of 20,000 stock options at \$0.10/share.

During the year ended December 31, 2019, the Company issued 153,300 common shares pursuant to exercise of 153,300 share purchase warrants at \$0.10/share.

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**8. Share capital** (continued)

**c) Stock options**

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Market Price" of the Company's stock on the grant date less applicable discounts. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Stock options granted to directors vest at a rate of 50% on the grant date and the balance 180 days after the date of issuance. Stock options granted to employees vest at a rate of 50% 180 days after the date of issuance and the balance on the first anniversary of the grant date.

The Company granted nil stock options during the years ended December 31, 2022 and 2021.

The following tables summarize the continuity of the Company's stock options:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>December 31, 2021</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Forfeited</b>	<b>Cancelled</b>	<b>December 31, 2022</b>
April 10, 2022	\$ 0.18	835,000	-	-	(835,000)	-	-
		835,000	-	-	(835,000)	-	-
<b>Weighted average exercise price</b>							<b>\$0.00</b>

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>December 31, 2020</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Forfeited</b>	<b>Cancelled</b>	<b>December 31, 2021</b>
April 10, 2022	\$ 0.18	835,000	-	-	-	-	835,000
		835,000	-	-	-	-	835,000
<b>Weighted average exercise price</b>							<b>\$0.18</b>

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options granted is recognized in income on a graded vesting basis. Option pricing models require the input of highly subjective input assumptions, which can materially affect the fair value estimate and therefore the existing models do not necessarily provide reliably a single measure of the fair value of the Company's stock options.

**c) Share purchase warrants**

As at March 31, 2023 and December 31, 2022, there were \$nil share purchase warrants.

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**9. Related party transactions and balances**

Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

For the three months ended March 31, 2023, the compensation expenses for key management personnel totaled \$nil (March 31, 2022 - \$12,029). The amount due from related parties for \$1,001,838 was written off during the year ended December 31, 2022. The amounts due to related parties of \$8,746,869 included advances from ARD Ventures for \$54,132, advances from Michael Semler for \$61,311, Global 1 Solutions LLC for \$5,694,069 and National Brace Inc. for \$2,937,357.

Details of key management personnel compensation are as follows:

<b>Three months ended March 31,</b>	<b>2023</b>	<b>2022</b>
Consulting fees (b)	\$ -	\$ 12,029
Marketing and promotions	\$ -	\$ -
Share-based payments	\$ -	\$ -

  

<b>As at</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Balances payable to related parties (a)	\$8,746,869	\$ 8,814,012
Balance due from PTI (note 5(iii))	\$ -	\$ -
Balance receivable from related parties	\$ -	\$ -

- a) During the year ended December 31, 2022, and December 31, 2021, National Brace entered into various share purchase agreements with third party investors, where National Brace would sell common shares of the Company held by National Brace and the proceeds were directed to ABL as an advance from National Brace to the Company. The advances are non-interest-bearing, due on demand and unsecured. As of March 31, 2023, the total amount payable to National Brace was \$2,937,357 (USD\$2,151,542) (December 31, 2022 - \$3,507,576), which is included in due to related parties on the accompanying consolidated statements of financial position.

During the year ended December 31, 2022, and December 31, 2021, Global 1 Solutions, LLC ("Global 1"), a related party under the common control of a director of the Company, entered into various share purchase agreements with third party investors, where Global 1 would sell common shares of the Company held by Global 1 and the proceeds were directed to ABL as an advance from the related party to the Company. The advances are non-interest-bearing, due on demand and unsecured. During the year ended December 31, 2020, total amount of due to other shareholders of \$507,120 (USD \$400,000) were reclassified to amount due to Global 1 as the common shares of the Company held by Global 1 were transferred to these other shareholders (note 6). As of March 31, 2023, the total amount payable to Global 1 was \$5,694,069 (USD\$4,207,544) (December 31, 2022 - \$5,698,698), which is included in due to related parties on the accompanying consolidated statements of financial position.

- b) The Company entered into consulting agreements with two directors and a certain family member. The agreements are valid for 12 months and automatically renewable with fees upon further negotiation. The consulting fees for the three months ended March 31, 2023 amounted to \$nil (March 31, 2022 - \$12,029).

Other transactions

PTI had transactions and balances with related parties. See note 5 for details.

## 10. Commitment and contingencies

### Lease

The Company rents office spaces in New York and Florida for its operation under operating leases with terms of five to ten years. The lease agreement expires in July 2021. The leases require payment of base lease payments plus the Company's share of operating expenses. The lease to the New York office has been terminated. In July 2021, the lease to the Florida office has been renewed on a short-term basis.

### Legal claims

Ridge Medical Supplies vs. Pro-Thotics Technology, Inc. a/k/a ProThotics Health and John Affenita, in the Supreme Court, New York State, Suffolk County, Index No. 607613/2021.

Ridge Medical Supplies alleges that the acquisition of Pro-Thotics Technology, Inc. by Advanced Bioceuticals, LLC which acquired the Company, constituted a fraudulent conveyance to avoid paying damages in the amount of \$598,903.15, plus statutory interest from the date of judgment entered on December 11, 2020, a prior judgement it has against Pro-Thotics Technology, Inc. The Company believes that the claim is without merit and intends to vigorously defend against the claims asserted.

Howard Storfer vs John Affenita and Pro-Thotics Technology, Inc., Advanced Bioceuticals, LLC and the Company, Broward County, Florida, 17<sup>th</sup> Judicial Circuit, Case No. CACE 2100115 Division 5.

Howard Storfer obtained a default judgment against, among others, the Company. The court denied a motion to vacate the default. The Company and the defendants intend to appeal this decision. The Company believe that the court made numerous factual and legal errors and intend to continue to vigorously litigate this matter.

No amounts have been accrued as a result of these claims since a reliable estimate cannot currently be made.

## 11. Financial instruments

The Company's financial instruments include cash, other receivable, due from related parties, accounts payable, factoring agreements payable, due to related parties, other payable and notes payable. The carrying value of other receivable, due from related parties, accounts payable, factoring agreements payable, due to related parties, other payable and notes payable as presented in these consolidated financial statements are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and 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's financial instruments have been classified as follows:

Financial instrument	Classification
Cash	FVTPL
Other receivable	Amortized cost
Due from related parties	Amortized cost
Accounts payable	Amortized cost
Other payable	Amortized cost
Due to related parties	Amortized cost

## **11. Financial instruments (continued)**

### Risk exposure and management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, commodity price risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

#### **a) Credit risk**

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash and accounts receivable. Cash is held with an investment grade financial institution as assessed by external rating agencies. Management believes the risk of loss to be minimal. As at March 31, 2023, the Company's maximum credit risk is the carrying value of cash and accounts receivable.

#### **b) Liquidity risk**

Liquidity risk refers to the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 12. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2023, the Company had a working capital deficit of \$15,813,439. All of the Company's financial liabilities are classified as current including the liabilities directly associated with assets of discontinued operations.

#### **c) Interest rate risk**

As at March 31, 2023, the Company does not hold any variable rate term deposits. The Company's promissory notes payable bear fixed rates of interest and therefore is not subject to any significant interest rate cash flow risk.

## **12. Management of capital**

The Company manages its capital to ensure it will be able to continue as a going concern and continue the funding of its long-term investment. The Company currently has commercial operations that management anticipates will, in the near future, generate cash flow. The Company will, as management finds necessary to achieve growth, utilize financings to fund its long-term investment, merge and acquisition, inventory, and periodic cash flow needs. The success of each financing depends on numerous factors including a positive economic environment, positive stock market and industry conditions, the Company's ongoing track record and prudent management decisions supported by the Board of Directors approval. The capital structure of the Company currently consists of notes payable, and shareholders' deficiency, which is comprised of share capital and deficit. Once the Company achieves projected top line growth and establishes quarter overquarter revenue growth and certain financial benchmarks, it may consider return on capital criteria. The Company does not pay dividends and is not exposed to any externally imposed capital requirements.