BEYOND MEDICAL TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian dollars)

BFBorgers CPA PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Beyond Medical Technologies, Inc.

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Beyond Medical Technologies Inc. and it's subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31,2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year 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, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred significant operating losses since inception and has an accumulated deficit of $25,621,608 as at December 31,2022. For the year ended December 31,2022, the Company incurred a net loss and comprehensive loss of $1,400,846. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist 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.

Other Matter

The financial statements of the Company for the year ended at December 31,2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2022.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 IFRS, 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 GAAS 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 GAAS, 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.

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

B F Borgers CPA PC

May 1, 2023
Lakewood, Colorado, USA

BEYOND MEDICAL TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note		**December 31, 2022**		December 31, 2021
ASSETS					
Current Assets					
Cash and cash equivalents	4	**$**	**536,753**	$	1,430,761
Amounts receivable	5		**5,841**		27,803
Inventory	6		**-**		322,463
Prepaid expenses and deposits	7		**905**		26,858
Current assets of discontinued operations			**35,821**		-
Total current assets			**579,320**		1,807,885
Non-current assets					
Restricted cash	4		**-**		30,470
Property and equipment	8		**-**		114,464
Non-current assets of discontinued operations			**28,863**		-
Total non-current assets			**28,863**		144,934
Total assets		**$**	**608,183**	$	1,952,819
LIABILITIES					
Current Liabilities					
Accounts payables and accrued liabilities	10	**$**	**132,300**	$	174,565
Due to related parties	13		**126,075**		119,440
Taxes payable			**-**		34,187
Lease liability	9		**-**		85,086
Liabilities of discontinued operations			**88,560**		-
Total liabilities			**346,935**		413,278
SHAREHOLDERS' EQUITY					
Share capital	12		**23,577,053**		23,577,053
Reserves	12		**2,305,803**		3,216,140
Deficit			**(25,621,608)**		(25,253,652)
Total shareholders' equity			**261,248**		1,539,541
Total liabilities and shareholders' equity		**$**	**608,183**	$	1,952,819

Corporate Information and Going Concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent Events (Note 20)

Approved and authorized for issue by the Board of Directors on April 28, 2023

"Hyder Khoja" — Hyder Khoja, Director

"Kal Malhi" — Kal Malhi, Director

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

BEYOND MEDICAL TECHNOLOGIES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the Year Ended December 31, 2022	December 31, 2021
Operating expenses:			
Bad debts		**$ 2,017**	$ -
Business development		**110,190**	592,852
Consulting fees	13	**32,000**	89,650
General office and administrative		**5,739**	48,384
Management fees	13	**322,500**	295,000
Professional fees	13	**204,277**	211,327
Share-based payments	13	**122,553**	200,348
Transfer agent and filing fees		**39,665**	28,743
Total operating expenses		**838,941**	1,466,304
Loss before other expenses		**$ (838,941)**	$ (1,466,304)
Other income (expenses):			
Fair value loss on loan receivable	11	**-**	(400,000)
Unrealized gain (loss) on foreign exchange		**3,827**	(705)
Other income		**-**	(577)
Loss from continuing operations		**$ (835,114)**	$ (1,867,586)
Loss from discontinued operations		**(565,732)**	(1,045,172)
Net loss and comprehensive loss for the year		**$ (1,400,846)**	**$ (2,912,758)**
Loss per share, basic and diluted			
From continuing operations		**$ (0.11)**	$ (0.25)
From discontinued operations		**$ (0.07)**	$ (0.14)
Weighted average number of shares outstanding		**7,913,975**	7,538,754

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

(Expressed in Canadian Dollars)

	Share Capital (Note 12)		Reserves (Note 12)			
	Number of Shares	Share Capital	Share-based payment reserve	Warrant reserve	Deficit	**Total**
Balance, December 31, 2020	**5,601,184**	**$ 20,778,935**	**$ 877,951**	**$ 2,166,014**	**$ (22,340,894)**	**$ 1,482,006**
Shares issued for private placement	2,219,950	2,774,937	-	-	-	2,774,937
Share issuance costs	-	(112,399)	-	39,221	-	(73,178)
Shares issued for consulting services	41,091	16,436	-	-	-	16,436
Shares issued for warrants exercised	51,750	51,750	-	-	-	51,750
Fair value of warrants exercised	-	67,394	-	(67,394)	-	-
Share-based payment	-	-	200,348	-	-	200,348
Net loss for the year	-	-	-	-	(2,912,758)	(2,912,758)
Balance, December 31, 2021	**7,913,975**	**$ 23,577,053**	**$ 1,078,299**	**$ 2,137,841**	**$ (25,253,652)**	**$ 1,539,541**
Fair value of warrants expired/cancelled	-	-	-	(17,222)	17,222	-
Fair value of stock options expired/cancelled	-	-	(1,015,668)	-	1,015,668	-
Fair value of stock options granted	-	-	122,553	-	-	122,553
Net loss for the year	-	-	-	-	(1,400,846)	(1,400,846)
Balance, December 31, 2022	**7,913,975**	**$ 23,577,053**	**$ 185,184**	**$ 2,120,619**	**$ (25,621,608)**	**$ 261,248**

The accompanying notes are an integral part of these consolidated financial statement

BEYOND MEDICAL TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended	
	December 31, 2022	December 31, 2021
Operating Activities		
Net loss for the year	**$ (1,400,846)**	$ (2,912,758)
Adjustments for non-cash/non-operating items:		
Bad debts	**2,017**	-
Share-based payments	**122,553**	200,348
Fair value loss on loan receivable	**-**	400,000
Shares issued for consulting services	**-**	16,436
Changes in non-cash working capital:		
Amounts receivable	**12,568**	(2,098)
Prepaid expenses and deposits	**13,274**	31,168
Accounts payable and accrued liabilities	**60,399**	(6,889)
Due to related parties	**6,635**	109,440
Net cash used in operating activities- continuing operations	**(1,183,400)**	(2,164,353)
Net cash used in operating activities- discontinued operations	**289,392**	765,309
Investing activities		
Loans advanced to Kayan Health Limited	**-**	(400,000)
Net cash used in investing activities- continuing operations	**-**	(400,000)
Net cash used in investing activities- discontinued operations	**-**	(67,988)
Financing activities		
Cash received from private placements, net	**-**	2,701,759
Cash received from exercise of warrants	**-**	51,750
Net cash provided by (used in) financing activities- continuing operations	**-**	2,753,509
Net cash provided by (used in) financing activities- discontinued operations	**-**	(79,922)
Increase (Decrease) in cash and cash equivalents	**(894,008)**	806,556
Cash and cash equivalents, beginning of the year	**1,430,761**	624,205
Cash and cash equivalents, end of the year	**$ 536,753**	$ 1,430,761

Supplemental cash flow information (Note 19)

The accompanying notes are an integral part of these consolidated financial statement

1. NATURE OF OPERATIONS AND GOING CONCERN

Beyond Medical Technologies Inc., (the "Company" or "Beyond"), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The registered office and the head office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, B.C. V6E 4N7. On January 12, 2021, the Company's common shares began trading on the Canadian Stock Exchange ("CSE") under the trading symbol "DOCT".

The Company started in the business of manufacturing personal protective equipment ("PPE") mainly medical grade face masks through its wholly owned subsidiary, Micron Technologies Inc., ("MTI"). However, the Company decided to cease their medical face mask manufacturing business as many jurisdictions have lifted mask mandates and the demand for face masks rapidly declined. Further, the Company ended their operations of MTI's facility and is currently working on divesting their mask manufacturing business via a sale of all inventory and equipment related to its mask manufacturing business. The Company continues to seek new business opportunities.

The Company has an accumulated deficit of $25,621,608 as of December 31, 2022 (2021 – $25,253,652). These consolidated financial statements (the 'financial statements') have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, there are material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Without additional financing, the Company may not be able to fund its ongoing operations and complete the development activities. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. The consolidated financial statements do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Impact of COVID-19

Through the government intervention in the availability and supports on COVID-19 vaccination, Canada and other countries worldwide are coping up with the adverse impact of COVID-19. Most of the mandates and other restrictions are now lifted including wearing of masks in public places. Contrary to what the Company perceived, their recent PPE manufacturing operation drastically slowed down and their sales dropped significantly. The management does not foresee any recovery in the future periods.

On March 11, 2022, the Company announced that they are reviewing the medical face mask manufacturing business for viability. For the year ended December 31, 2022, the Company ceased its operation of Micron Technologies' facility and on the process of terminating its mask manufacturing business via a sale of all inventory and equipment related to its mask manufacturing business and to seek new business opportunities.

2. BASIS OF PRESENTATION

Basis of consolidation and preparation

These consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries, Micron Technologies Holding Inc. (October 19, 2017) and Micron Technologies Inc. (July 8, 2020), which are entities over which the Company has control.

2. BASIS OF PRESENTATION

Basis of consolidation and preparation (continued)

Details of the controlled entity are as follows:

	Place of incorporation	Percentage owned
Micron Technologies Holding Inc.	British Columbia	100%
Micron Technologies Inc.	British Columbia	100%

Control exists when the Company has the power and ability, directly or indirectly, to direct the relevant activities of an entity to obtain benefit from its activities. Subsidiaries are fully consolidated from the date that control commences until the date the control ceases. The accounting policies of the Company's subsidiaries have been aligned with the policies adopted by the Company. When the Company ceases to control a subsidiary, the financial statements of the subsidiary are de-consolidated.

All intercompany transactions and balances have been eliminated on consolidation.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). They have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

The significant accounting policies set out in note 3 have been applied consistently to the years presented.

Basis of measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at fair value through profit or loss. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Unless otherwise noted, these consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its Subsidiaries.

Approval of the consolidated financial statements

The consolidated financial statements of the Company for the year ended December 31, 2022 were approved and authorized for issuance by the Board of Directors on April 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The loss effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and assumptions (continued)

Foreign currencies

The reporting and functional currency of the Company and its subsidiaries is the Canadian dollar ("CAD"). Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction, except amortization, which is translated at the rates of exchange applicable to the related assets. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined.

Cash and Cash Equivalents

Cash includes deposits held with banks that are available on demand. Cash equivalents consisted of cashable guaranteed investment certificates that were readily convertible into a known amount of cash within 90 days or less.

Revenue recognition

Revenue from the sale of personal protective equipment is recognized when all the performance obligations identified in the customer contract, typically consisting of a sales order or a sales invoice, are satisfied. The performance obligations in a typical sale order is at the point in time when control transfers and the obligation has been fulfilled, which is upon shipment to the customer. The amount of revenue recognized is based on a contractual price and is recorded net of sales discounts, if any.

Financial Instruments

The Company's financial instruments are accounted for as follows under IFRS 9:

Financial Asset	
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Restricted cash	FVTPL
Financial Liability	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Lease liability	Amortized cost

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Assessment and decision on the business model approach used is an accounting judgment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and assumptions (continued)

Financial Assets (continued)

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at FVTPL is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

Impairment

In relation to the impairment of financial assets, the Company uses an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and assumptions (continued)

Fair Value Hierarchy

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

The carrying amount of Cash and cash equivalents, accounts receivable, restricted cash, accounts payables and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and impact gross profits.

Property and Equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

The Company utilizes the declining balance method of amortization. The amortization rates applicable to each category of property and equipment are as follows.

Computer equipment	declining balance	30%
Furniture and other equipment	declining balance	20%
Leasehold improvements	straight-line basis	5 years
Manufacturing equipment	straight-line basis	5 - 8 years

Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

The depreciation method, useful life and residual values are assessed annually. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased Assets

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may apply the exemption not to recognize ROU asset and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying as set. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss the in the period in which they are incurred.

Share Capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment

The Company grants share options to acquire shares of the Company to directors, officers, employees and consultants. The fair value of options granted is recognized as share-based payments with a corresponding increase in option reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of share-based payments to employees is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based expense reserve is transferred to share capital. For those options that expire or are cancelled, the recorded fair value in share-based expense reserve is transferred to deficit.

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the 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 more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. The fair value of Agent Warrants is measured using the Black-Scholes option pricing model that requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

Consideration received upon exercise of warrants is credited to share capital and the related residual value is transferred from warrant reserve to share capital. If warrants expire unexercised, the related fair value is transferred to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of outstanding common shares for the period. Diluted earnings (loss) per share is calculated using the treasury stock method. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. Under the treasury stock method, the number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during years presented.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except for items recognized directly in equity or in other comprehensive income.

a) Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred Tax

Deferred income tax is provided for based on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability ina transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and Deferred Income Taxes (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets are assessed for indicators of impairment at each reporting period end. 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. The criteria that the Company uses to determine if there is objective evidence of an impairment loss includes:

- 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.

At each statement of financial position date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgments, Estimates and Assumptions (continued)

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Following are the accounting polices subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

a) Estimated useful lives of property and equipment

The estimated useful lives of property and equipment, which is included in the consolidated statements of financial position, will impact the amount and timing of the related depreciation included in profit or loss.

b) Deferred income taxes

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

c) Going concern

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

d) Share-based payment

The fair value of stock options granted, and compensatory warrants is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit, and the rate is adjusted to reflect the actual number of options that actually vest.

e) Leases

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location.

f) Impairment of property and equipment and intangible assets

For assets with finite lives, judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired, or reversal of impairment is needed. Factors considered include current and forecast economic conditions, internal projections and the Company's market capitalization relative to its net asset carrying amount. The Company does not have any assets with indefinite lives for the years ended December 31, 2022 and 2021.

(Expressed in Canadian Dollars)

4. CASH AND CASH EQUIVALENTS

As at December 31, 2022 and 2021, the Company's cash and cash equivalents is composed of the following:

	December 31, 2022	December 31, 2021
Cash in banks	**$ 536,753**	$ 1,430,761
Restricted Cash - GIC	**-**	30,470
	$ 536,753	$ 1,461,231

As at December 31, 2022, the Company classified $Nil (2021 - $30,470) as restricted cash which includes GIC of $Nil (2021- $29,737) and interest $Nil (2021- $733). This amount is held as collateral for the Company's corporate credit cards and is invested in GICs at a rate of prime less 2.70%.

5. AMOUNTS RECEIVABLE

As at December 31, 2022 and 2021, the Company's amounts receivable is composed of the following:

	December 31, 2022	December 31, 2021
Trade receivable, net	**$ -**	$ 2,940
GST receivable	**5,841**	22,846
Other receivables	**-**	2,017
	$ 5,841	$ 27,803

During the year ended December 31, 2022, $6,215 was recovered from previously written off receivables (2021 - $Nil) and $6,120 receivables was written off (2021 - $Nil).

6. INVENTORY

As at December 31, 2022 and 2021, the Company's inventories are composed of the following:

	December 31, 2022	December 31, 2021
Raw materials	**$ -**	$ 315,422
Finished goods	**-**	7,041
	$ -	$ 322,463

During the year ended December 31, 2022, the Company recognized an expense of $333,738 (December 31, 2021 – $nil) related to an inventory write-down to the net realizable value which is included in the loss from discontinued operations (Note 14)

7. PREPAID EXPENSES AND DEPOSITS

As at December 31, 2022 and 2021, the Company's prepaid expenses and deposits are composed of the following:

	December 31, 2022	December 31, 2021
Business development	**$ 905**	$ 14,179
Deposits on machinery and equipment	**-**	1,295
Office and general	**-**	11,384
	$ 905	$ 26,858

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer equipment	Manufacturing equipment	WIP - equipment	**Total Discontinued operations**
Costs:					
Balance, December 31, 2020	$ 180,176	$ 4,718	$ 379,143	$ 25,000	$ 589,037
Additions	-	-	67,986	-	67,986
Balance, December 31, 2021	180,176	4,718	447,129	25,000	657,023
Additions	-	-	-	-	-
Balance, December 31, 2022	**$ 180,176**	**$ 4,718**	**$ 447,129**	**$ 25,000**	**$ 657,023**
Accumulated Amortization:					
Balance, December 31, 2020	$ 87,920	$ 3,342	$ 29,127	$ -	$ 120,389
Amortization	36,900	412	63,911	-	101,223
Impairment	55,356	-	240,591	25,000	320,947
Balance, December 31, 2021	180,176	$ 3,754	$ 333,629	$ 25,000	542,559
Amortization	-	288	63,614	-	63,902
Impairment	-	676	49,886	-	50,562
Balance, December 31, 2022	**$ 180,176**	**$ 4,718**	**$ 447,129**	**$ 25,000**	**$ 657,023**
Net Book Value					
December 31, 2021	$ -	$ 964	$ 113,500	$ -	$ 114,464
December 31, 2022	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

(1) WIP - equipment are the development assets comprising of prototype equipment, which the Company has constructed or was in the process of construction, to transform organic waste into clean water and meets municipal effluent discharge standards. As the Company is no longer operating in this segment and there is no active market for the equipment, the recoverable value is $nil. The WIP-equipment was impaired during the year ended December 31, 2021.

(2) Leasehold improvement and manufacturing equipment are used in the Company's PPE manufacturing segment. During the year ended December 31, 2021, the Company identified indicators of impairment due to the subsequent decline in PPE revenue and changes in government regulations for mask mandates. The recoverable value of leasehold improvements and PPE equipment was estimated to be $nil and $113,500, respectively as at December 31, 2022 and 2021. The recoverable value of PPE equipment is based on the fair value less disposal using level 1 inputs in accordance with the fair value hierarchy.

(3) For the year ended December 31, 2022, the $63,614 amortization of manufacturing equipment was allocated to inventory and cost of cales amounted to $28,058 and $35,556, respectively.

(Expressed in Canadian Dollars)

9. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Company has entered into non-cancelable operating lease agreement of its offices that terminates on January 31, 2023.

Many leases include one or more options to renew. The Company assumes renewals in the determination of the lease term if the renewals are deemed to be reasonably assured at lease commencement date. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The continuity of the right-of-use asset ("ROU asset") and lease liability for the year ended December 31, 2022 and 2021 is as follows:

Right-of-use asset:		
Value of right-of-use assets as at December 31, 2020	$	143,715
Additions		-
Amortization		(71,859)
Impairment		(71,856)
Value of right-of-use assets as at December 31, 2021 and 2022	**$**	**-**
Lease liability		
Lease liability recognized as of December 31, 2020	$	165,008
Lease payments		(93,586)
Lease interests		13,664
Lease liability recognized as of December 31, 2021	$	85,086
Lease payments		(90,728)
Lease interests		5,642
Lease Liability recognized as of December 31, 2022	**$**	**-**

During the year ended December 31, 2021, the Company identified indicators of impairment due to the subsequent decline in PPE revenue and changes in government regulations for mask mandates. The recoverable value of the right-of-use asset was estimated to be $nil. The Company recognized an impairment of $71,857 with respect to its right-of-use asset during the year ended December 31, 2021.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2022 and 2021, the Company's accounts payable and accrued liabilities are composed of the following:

		December 31, 2022		December 31, 2021
Accounts payable	**$**	**86,805**	$	119,006
Accrued liabilities		**45,495**		46,182
Payroll liabilities		**-**		9,377
	$	**132,300**	$	174,565

11. LOANS RECEIVABLE

On January 13, 2021, the Company entered into a Letter of Intent ("LOI") with Kayan Health Limited ("Kayan Health") to acquire all of the issued and outstanding shares of the Kayan Health. Pursuant to the LOI, the Company is required to provide Kayan Health with working capital loans of $100,000 per month (to a maximum of $400,000) until the parties have executed a Definitive Agreement. If the Parties do not enter into a Definitive Agreement by April 30, 2021, the aggregate sum of the advanced loans shall automatically convert into fully paid common shares of Kayan Health at a price equal to the price per Kayan Share issued in Kayan Health's next immediate financing of equity securities in an amount not less than $250,000. The LOI was terminated on June 7, 2021.

During the year ended December 31, 2021, the Company advanced $400,000 to Kayan Health. Upon termination of the LOI, the parties have no further obligations pursuant thereto, except for such continuing obligations as specifically provided for in the LOI, including, but not limited to, the conversion of the $400,000 previously advanced by the Company to Kayan Health being converted into common shares of Kayan Health. As a financing was not completed by Kayan Health, the Company did not receive common shares of Kayan Health as of the year ended December 31, 2022.

During the year ended December 31, 2021, management determined the loan was not recoverable and recognized $400,000 as a fair value loss in the statement of loss and comprehensive loss.

12. SHARE CAPITAL AND RESERVES

Authorized share Capital
Unlimited number of common shares without par value.

Issued and Outstanding
As at December 31, 2022, there were 7,913,975 (2021 – 7,913,975) common shares issued and outstanding.

Details of transactions involving common shares are as follows:

Transactions during the year ended December 31, 2022
Effective December 30, 2022, the Company consolidated its common shares on a ten (10) to one (1) basis.

The Company did not have any other share capital transactions for the year ended December 31, 2022.

Transactions During the year ended December 31, 2021

On February 5, 2021, the Company closed the first tranche of a private placement for 1,058,000 units at a price of $1.25 per unit for gross proceeds of $1,322,500. Each unit consisted of one common share and one share purchase warrant, exercisable at $2 per share for a period of 24 months from the date of closing until February 5, 2023. These warrants were allocated a fair value of $nil using the residual value method.

The Company paid a total of $875 in cash finders fees ("Finders' Fees") and issued 700 finders' warrants ("Finders' Warrants) with a fair value of $703 to an eligible finder. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 158.12%; a risk-free interest rate of 0.20%, and an expected average life of 2 years.

On March 11, 2021, the Company closed the second and final tranche for 1,161,950 units at a price of $1.25 per unit for gross proceeds of $1,452,437. Each unit consisted of one common share and one share purchase warrant, exercisable at $2 per share for a period of 24 months from the date of closing until March 11, 2023. These warrants were allocated a fair value of $nil using the residual value method.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

Transactions During the year ended December 31, 2021 (continued)

The Company paid aggregate cash Finders' Fees totalling $41,746, incurred related legal fees of $30,557 and issued 33,397 Finders' Warrants with a fair value of $38,518 to certain eligible finders. The fair value of these Finders Warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 162.3%; a risk-free interest rate of 0.25%, and an expected average life of 2 years.

During the year ended December 31, 2021, the Company issued an aggregate of 51,750 shares for the exercise of warrants for aggregate proceeds of $51,750. The fair value allocated to these warrants when issued of $67,394 was reclassified from reserves to share capital.

On December 9, 2021, the Company entered into a private placement agreement for online marketing with an arm's length party and issued 41,091 units at a price of $0.40 per unit for a consideration of $16,436. The unit price is taken as the prevailing market rate of the shares of the Company on the CSE.

Share Warrants

Transactions during the year ended December 31, 2022

During the year ended December 31, 2022, 1,008,410 of the outstanding share warrants expired unexercised. The corresponding amount of $17,222 was transferred from reserve to deficit.

Transactions During the year ended December 31, 2021

During the year ended December 31, 2021, 51,750 of the outstanding share warrants were exercised for aggregate proceeds of $51,750. The face value of the share warrants was $1 and was reclassified from the reserve to share capital. 250,000 of the outstanding share warrants expired unexercised.

Pursuant to the private placement on February 5, 2021, the Company issued 1,058,000 share warrants exercisable at $2 per share for a period of 2 years. In additions, 700 finder warrants were issued in connection with this transaction.

Additional share warrants were issued pursuant to the private placement on March 11, 2021, with an aggregate of 1,161,950 warrants exercisable at $2 per share for a period of 2 years. The 33,397 finder warrants were issued in connection with this transaction.

As at December 31, 2022, the Company had 3,852,297 share warrants outstanding (2021 – 4,860,707). A summary of changes in outstanding warrants is as follows:

	Number of warrants	Weighted average exercise price ($)
Balance as at December 31, 2020	2,908,410	3.6
Issued	2,254,047	2.0
Exercised	(51,750)	1.0
Expired	(250,000)	5.0
Balance as at December 31, 2021	4,860,707	2.8
Expired	(1,008,410)	7.5
Balance as at December 31, 2022	**3,852,297**	**1.6**

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

Share Warrants (continued)

Details of warrants outstanding as at December 31, 2022, are as follows:

Date of expiry	Warrants	Exercise price	Weighted average life (Years)
April 28, 2025	1,598,250	1.0	0.97
February 5, 2023	1,058,700	2.0	0.03
March 11, 2023	1,195,347	2.0	0.06
Balance at December 31, 2022	**3,852,297**		**1.06**

As at December 31, 2021, the Company had the following warrants outstanding:

Date of expiry	Warrants	Exercise price	Weighted average life (Years)
April 13, 2022	507,500	$ 5.0	0.28
June 1, 2022	500,910	10	0.42
April 28, 2025	1,598,250	1.0	3.33
February 5, 2023	1,058,700	2.0	1.10
March 11, 2023	1,195,347	2.0	1.19
Balance at December 31, 2021	4,860,707		1.70

Stock Options

The Company has a stock option plan (the "Plan") whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants at an exercise price determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company's Plan is 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the Plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The number of shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding shares. The number of shares reserved for issuance to employees or consultants engaged in investor relations activities will not exceed 2% of then issued and outstanding shares and must vest in stages over 12 months with no more than 25% of the options vesting in any three-month period. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the CSE and other applicable regulatory authorities.

During the year ended December 31, 2022

During the year ended December 31, 2022, 30,000 options exercisable at $0.75 per share , 25,000 options exercisable at $1.80 per share were cancelled. Further, 25,000 options exercisable at $6.0 expired unexercised. The corresponding amount of $1,015,668 was transferred from reserve to deficit.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

Stock Options (continued)

On January 10, 2022, the Company granted 210,000 incentive stock options to certain directors, officers, employees, and consultants of the Company (Note 13). Each stock option entitles its holder to buy one common share of the Company at a price of $0.75 for a period of 5 years. The options vest immediately. The resulting fair value of $122,553 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 148.07%; a risk-free interest rate of 1.08%, and an expected average life of 5 years.

During the year ended December 31, 2021

During the year ended December 31, 2021, 176,250 of the outstanding options were cancelled.

On January 12, 2021, the Company granted a total of 150,000 incentive stock options to directors, officers, employees, and consultants of the Company. Each stock option entitles its holder to buy one common share of the Company at a price of $1.8 for a period of 2 years. The options vest immediately. The resulting fair value of $200,348 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159.82%; a risk-free interest rate of 0.18%, and an expected average life of 2 years.

The changes in stock options outstanding are as follows:

	Number of options	Weighted average exercise price ($)
Balance as at December 31, 2020	136,250	7.3
Options granted	150,000	1.8
Options forfeited/ expired	(176,250)	6.0
Balance as at December 31, 2021	110,000	2.8
Options granted	210,000	0.75
Options forfeited/ cancelled	(80,000)	2.7
Balance as at December 31, 2022	**240,000**	**1.01**

As at December 31, 2022, the Company had the following stock options outstanding and exercisable:

Date of expiry	Options outstanding	Exercise price	Weighted average remaining Life (Years)
January 12, 2023	60,000	$ 1.8	0.01
January 10, 2027	180,000	0.75	3.02
	240,000		3.03

As at December 31, 2021, the Company had the following stock options outstanding and exercisable:

Date of expiry	Options outstanding	Exercise price	Weighted average remaining Life (Years)
October 25, 2022	25,000	$ 6.0	0.19
January 12, 2023	85,000	$ 1.8	0.80
Balance as at December 31, 2021	110,000		0.99

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at December 31, 2022, $126,075 (2021 - $119,440) was due to directors and officers of the Company.

	As at	
	December 31, 2022	December 31, 2021
Company controlled by the CEO	**$ 105,000**	$ 91,625
Company controlled by the CFO	**4,500**	12,458
Companies controlled by the Directors	**16,575**	15,357
	$ 126,075	$ 119,440

During the year ended December 31, 2022 and 2021, the Company entered into the following transactions with related parties:

	For the years ended	
	December 31, 2022	December 31, 2021
Management fees	**$ 322,500**	$ 295,000
Consulting fees	**23,000**	40,650
Professional fees	**50,406**	37,521
Direct selling expenses	**30,356**	67,619
Rent	**-**	27,000
Business development	**34,000**	-
Share based payments	**105,045**	93,496
	$ 565,307	$ 561,286

Management fees were paid or accrued to the following:

	For the years ended	
	December 31, 2022	December 31, 2021
Company controlled by the CEO	**$ 240,000**	$ 240,000
Company controlled by the CFO	**60,000**	25,000
Company controlled by the Former CFO	**-**	30,000
Company controlled by the Former CEO	**22,500**	**-**
	$ 322,500	**$ 295,000**

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (Continued)

Consulting fees were paid or accrued to the following:

	For the years ended			
		December 31, 2022		December 31, 2021
Company controlled by CFO	**$**	**-**	$	5,000
Companies controlled by Directors		**20,000**		28,000
Company controlled by Former Corporate Secretary		**-**		2,500
Companies controlled by a Former Director		**3,000**		-
Company controlled by the Former CFO		**-**		5,150
	$	**23,000**	$	40,650

Professional fees were paid or accrued to the following:

	For the years ended			
		December 31, 2022		December 31, 2021
Company controlled by CFO	**$**	**50,406**	$	31,321
Company controlled by Former CFO		**-**		6,200
	$	**50,406**	$	37,521

Rent of $Nil was paid or accrued to a Company controlled by the CEO (2021 - $27,000).

Share based payments include the following:

	For the year ended December 31, 2022			**For the year ended December 31, 2021**		
	Number of options		**Share-based payment**	Number of options		Share-based payment
CEO	**100,000**	**$**	**58,359**	-	$	-
Director	**40,000**		**23,343**	35,000		46,748
CFO	**15,000**		**8,754**	-		-
Officer	**25,000**		**14,590**	-		-
Former CFO	**-**		**-**	25,000		33,391
Former Director	**-**		**-**	10,000		13,357
	180,000	**$**	**105,046**	70,000	$	93,496

On January 10, 2022, the Company issued 210,000 share options to directors, officers and consultants at $0.75 exercise price that set to mature on January 10, 2027, 5 years from issuance date. Out of 210,000 options issued, 180,000 stock options were issued to directors and officers of the Company and recorded $105,046 as share-based compensation expense.

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

The Company operates in two business segments with operations and long-term assets in Canada. The two business segments include the manufacturing of PPE and Waste Treatment, the development and commercialization of on-site treatment systems that can turn organic waste into clean water that meets municipal effluent discharge standards. Operations of PPE and Waste Treatment was discontinued during the year ended December 31, 2022. The reportable segments were determined based on the nature of the services provided and goods sold. During the year ended December 31, 2022, the Company's net loss per segment is presented as follows:

	Continued Operations	Discontinued Operations		
	Corporate	**PPE Sector**	**Waste Treatment**	**Total**
Revenue	$ -	$ 183,578	$ -	$ 183,578
Cost of goods sold	-	(148,572)	-	(148,572)
Direct Selling Expenses	-	(130,686)	-	(130,686)
Operating expenses	(838,941)	(77,226)	(24,959)	(941,126)
Other income (expenses)	3,827	(367,402)	$ (465)	(364,040)
Net loss for the year	$ (835,114)	$ (540,308)	$ (25,424)	$ (1,400,846)

During the year ended December 31, 2021, the company's net loss per segment is presented as follows:

	Continued Operations	Discontinued Operations		
	Corporate	**PPE Sector**	**Waste Treatment**	**Total**
Revenue	$ -	$ 943,425	$ -	$ 943,425
Cost of goods sold	-	(634,149)	-	(634,149)
Direct Selling Expenses		(559,767)		(559,767)
Operating expenses	(1,466,304)	(256,224)	(145,899)	(1,868,427)
Other income (expenses)	(401,282)	(240,328)	(152,230)	(793,840)
Net loss for the year	$ (1,867,586)	$ (747,043)	$ (298,129)	$ (2,912,758)

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION (continued)

All of the Company's assets and expenditures are located and incurred in Canada. The Company's long-term assets are as follows:

	December 31, 2022		December 31, 2021	
	Waste Treatment Discontinued Operations	**PPE Sector Discontinued Operations**	**Waste Treatment Discontinued Operations**	**PPE Sector Discontinued Operations**
Restricted cash	**$ -**	**$ 28,863**	$ -	$ 30,470
Property and Equipment	**-**	**-**	964	113,500
	$ -	**$ 28,863**	$ 964	$ 143,970

Discontinued Operations

A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell.

During the year ended December 31, 2022, the Company considered its Waste Treatment and PPE manufacturing operations to have met the definition of discontinued operations and as such, assets, liabilities, and results of operations that can be distinguished operationally and for financial reporting purposes from the rest of the Company have been terminated and reported separately in the financial statements.

For the year ended December 31, 2022 and 2021, the loss from discontinued operations relate to the following:

	Year Ended	
MTHI (Waste Treatment)	**December 31, 2022**	December 31, 2021
Operating expenses:		
Amortization	**$ 288**	$ 109,170
General office and administrative	**12,835**	22,514
Lease Interest expense	**11,656**	13,663
Professional fees	**180**	552
Total operating expenses	**24,959**	145,899
Loss before other expenses	**$ (24,959)**	$ (145,899)
Other income (expenses):		
Unrealized gain (loss) on foreign exchange	**211**	(15)
Loss on impairment of equipment	**(676)**	(152,215)
Total other income (expenses)	**$ (465)**	$ (152,230)
Loss from discontinued operations	**$ (25,424)**	$ (298,129)

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION (continued)

Discontinued Operations (continued)

As at December 31, 2022, the assets and liabilities from discontinued operations recognized in the consolidated statements of financial position are as follows:

MTHI	Amount
ASSETS	
Current Assets	
Cash and cash equivalents	**$ 8,432**
Accounts Receivable	**313**
Prepaid expenses and deposits	**8,100**
Total current assets of discontinued operations	**16,845**
Assets of discontinued Operations	**$ 16,845**
LIABILITIES	
Current Liabilities	
Accounts payables and accrued liabilities	**$ 998**
Liabilities of discontinued operation	**$ 998**

Cash flows generated by discontinued operations for the year ended December 31, 2022, and 2021 are as follows:

	Year Ended	
MTHI	**December 31, 2022**	December 31, 2021
Operating activities	**$ (90,896)**	$ 264,329
Investing activities	**-**	-
Financing activities	**-**	(79,922)
Cash flows from discontinued operations	**$ (90,896)**	$ 184,407

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION (continued)

Discontinued Operations (continued)

For the year ended December 31, 2022 and 2021, the loss from discontinued operations relate to the following:

	Year Ended	
MTI (PPE)	**December 31, 2022**	December 31, 2021
Revenues	**$ 183,578**	$ 943,425
Cost of sales	**(148,572)**	(634,149)
Direct Selling Expenses	**(130,686)**	(559,767)
Gross profit (loss)	**(95,680)**	(250,491)
Operating expenses:		
Amortization	**-**	63,912
Business development	**37,921**	21,134
Bad Debts	**4,103**	40,969
General office and administrative	**34,503**	98,429
Testing expenses	**-**	20,860
Professional fees	**-**	167
Other Selling Expenses	**699**	10,753
Total operating expenses	**77,226**	256,224
Loss before other expenses	**$ (172,906)**	$ (506,715)
Other income (expenses):		
Other income	**13,331**	-
Interest income (expense)	**519**	-
Unrealized gain (loss) on foreign exchange	**2,372**	262
Loss on impairment of equipment	**(49,886)**	(240,590)
Loss on inventory	**(333,738)**	-
Total other income (expenses)	**$ (367,402)**	**$ (240,328)**
Loss from discontinued operations	$ (540,308)	$ (747,043)

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION (continued)

Discontinued Operations (continued)

As at December 31, 2022, the assets and liabilities from discontinued operations recognized in the consolidated statements of financial position are as follows:

MTI		Year Ended December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$	**15,984**
Accounts Receivable		**1,697**
Prepaid expenses and deposits		**1,295**
Total current assets of discontinued operations		**18,976**
Non-current assets		
Restricted cash		**28,863**
Total non-current assets of discontinued operations		**28,863**
Assets of discontinued operations	$	**47,839**
LIABILITIES		
Current Liabilities		
Accounts payables and accrued liabilities	$	**86,985**
Due to related parties		**577**
Liabilities of discontinued operation	$	**87,562**

Cash flows generated by MTI for reporting periods under review until its disposal are as follows:

MTI		Year Ended December 31, 2022		December 31, 2021
Operating activities	$	**380,288**	$	**500,980**
Investing activities		**-**		**(67,988)**
Financing activities		**-**		**-**
Cash flows from discontinued operations	$	**380,288**	$	432,992

15. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. The Company's amounts receivable is comprised of trade receivables, GST receivable, other receivables, and accrued interest receivable from guaranteed investment certificates ("GICs") held with the bank. GST receivable is not a financial instrument as it does not arise from contractual obligations.

Credit Risk (continued)

The Company limits exposure to credit risk on GICs by holding deposits in high credit quality banking institutions in Canada. The Company is not exposed to significant credit risk on its other receivables. The Company does not have any asset-backed commercial paper included in cash.

The Company's trade receivables are subject to the expected credit loss model. While cash and cash equivalents and trade and accounts receivable are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, For the year ended December 31, 2022, the Company has provided for allowance for doubtful accounts of $2,017 (2021- $40,969).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at December 31, 2022, the Company had working capital of $232,385 (2021 - $1,394,607). The payment terms for accounts payable and accrued liabilities from vendors are generally 30 days or due on receipt.

15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature. The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents.

(b) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the CAD (primarily US$). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. For the year ended December 31, 2022, a 10% weakening of the Canadian dollar against the US dollar would have increased the Company's net loss before taxes by approximately $3,702 (2021 - $Nil).

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Management of Capital

Capital comprises the Company's shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

To maintain its ability to continue as a going concern, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022. The Company is not subject to externally imposed capital requirement

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 – Quoted prices (unadjusted) 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 classified its financial instruments as follow:

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or loss	Measured at Amortized cost	Measured at Amortized cost
December 31, 2022			
Cash and cash equivalents	$ 536,753	$ -	$ -
Trade receivables	-	-	-
Accounts payable	-	-	(132,300)
Due to related parties	-	-	(126,075)
	$ 536,753	$ -	$ (258,375)

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or loss	Measured at Amortized cost	Measured at Amortized cost
December 31, 2021			
Cash and cash equivalents	$ 1,430,761	$ -	$ -
Trade receivables	-	4,957	-
Accounts payable	-	-	(174,565)
Due to related parties	-	-	(119,440)
Taxes Payable	-	-	(34,187)
Lease liabilities	-	-	(85,086)
	$ 1,430,761	$ 4,957	$ (413,278)

Fair Value

The carrying value of accounts receivable and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

(Expressed in Canadian Dollars)

17. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2021 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

		2022		2021
Loss from continuing operations	**$**	**(835,114)**	$	(1,867,586)
Loss from discontinued operations		**(565,732)**		(1,045,172)
Loss for the year		**(1,400,846)**		(2,912,758)
Statutory income tax rate		**27.00%**		27.00%
Expected income tax recovery		**(378,230)**		(786,445)
Share issuance costs		**-**		(19,758)
Non-deductible recoveries and other		**136,850**		297,459
Change in unrecognized deductible temporary differences		**241,400**		508,744
Total income tax recovery	**$**	**-**	**$**	**-**

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2022		2021
Property and equipment	$	**-**	$	2,715,697
Share issuance costs		**71,000**		80,377
Capital losses		**2,245,000**		2,445,424
Non-capital losses		**19,982,000**		16,598,282
Deferred tax assets	**$**	**22,298,000**	**$**	**21,839,780**

As at December 31, 2022, the Company has unrecognized tax losses of $19,874,000 for which no deferred tax asset is recognized. The Company's unrecognized unused non-capital losses have the following expiry dates:

2028	$	348,000
2029		393,000
2030		11,000
2031		3,170,000
2032		1,168,000
2033		521,000
2034		247,000
2035		197,000
2036		639,000
2037		1,553,000
2038		2,037,000
2039		2,356,000
2040		2,115,000
2041		1,843,000
2042		3,276,000
	$	19,874,000

(Expressed in Canadian Dollars)

18. COMMITMENTS AND CONTINGENCIES

On August 9, 2022, the Company received notice of claims issued by provincial court of British Columbia (Small Claims Court) from a former consultant pursuant to a disputed agreement entered on May 1, 2022. The former consultant wants to claim the unpaid fees for the month of July 2022 inclusive of GST and the payments in the event of termination without just cause (GST inclusive) with an aggregate potential liability of $35,266. On August 24, 2022, the Company filed a counterclaim against the former consultant's allegation. As of April 26, 2023, the pleadings are complete and all required applications have been made. The next step is to have a pre-trial conference, which is pending to be scheduled a date for. There has been no settlement yet.

19. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing transactions during the year ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	- $ -	- $ -
Non-cash financing activities:		
Fair value of warrants exercised	**-**	67,394

20. SUBSEQUENT EVENTS

On January 12, 2023, 60,000 of the outstanding share options exercisable at $0.125 expired unexercised.

On February 5, 2023, 1,058,700 share warrants issued at $2 expired unexercised. Further, additional 1,195,347 share warrants exercisable at $2 expired unexercised on March 11, 2023.