TRENCHANT CAPITAL CORP.

Consolidated Financial Statements

Year Ended March 31, 2023

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Trenchant Capital Corp.

Opinion

We have audited the consolidated financial statements of Trenchant Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section,, We have determined the matter described below to be the key audit matter to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of Convertible Notes The Company's convertible notes are described in Note 4 to the consolidated financial statements. The Company subscribed to two convertible notes issued by private companies in the amounts of \$250,000 and \$500,000. The convertible notes were accounted for at fair value through profit and loss. We considered this a key audit matter due to the significant management estimates and judgments required in determining the fair values of the convertible notes. Auditing these estimates of the fair value required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.	Our approach to addressing the matter included the following audit procedures, among others: • With the assistance of the valuation specialists, o Assessed the appropriateness of valuation methods and assumptions and underlying inputs. o Tested the mathematical accuracy of the calculations. • Evaluated the reasonableness of collection of the convertible notes.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Yours truly,

DMCL.

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

July 31, 2023

Trenchant Capital Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		March 31, 2023		March 31, 2022
ASSETS					
Current assets					
Cash		$	731,564	$	883,389
Accounts receivable	8,9		32,436		-
Other receivable	9		35,180		-
Prepaids			8,903		7,246
Interest receivable	6		-		531,689
Convertible notes	4		500,000		250,000
PIK Interest receivable	6		-		991,611
Loans receivable	6		-		19,923,000
			1,308,083		22,586,935
Long-term assets					
Property and equipment, net	5		283,769		296,231
Investment	3		375,925		1,025,000
TOTAL ASSETS		**$**	**1,967,777**	**$**	**23,908,166**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7,9	$	199,998	$	1,084,775
Lease liability, current portion	8		53,580		50,467
Debentures	10		-		19,831,830
			253,578		20,967,072
Long-term Liabilities					
Lease liability	8		155,711		214,743
TOTAL LIABILITIES			**409,289**		**21,181,815**
SHAREHOLDERS' EQUITY					
Share capital	11		6,945,289		6,945,289
Share-based payment reserve	11		541,931		541,931
Deficit			(5,928,732)		(4,760,869)
TOTAL EQUITY			**1,558,488**		**2,726,351**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**1,967,777**	**$**	**23,908,166**

Going concern (Note 1)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"Tom English"
Tom English, Director

Trenchant Capital Corp.
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

		Years ended	
	Note	March 31, 2023	March 31, 2022
Revenues			
Interest income	6	$ 999,683	$ 2,304,347
Expenses			
Accretion	10	91,170	251,396
Business development		32,020	61,755
Consulting	9	584,235	713,850
Depreciation	5	73,937	54,510
General and administrative		53,020	68,750
Interest	8;10	825,300	1,683,862
Professional fees	9	80,712	161,256
Transfer agent and filing fees		42,253	33,894
		(1,782,647)	(3,029,273)
Other items			
Rental income	8	74,368	-
Change in fair value of convertible notes	4	(250,000)	-
Gain on loss of control	3	-	206,626
Gain on sale of investment	3	438,675	-
Loss on equity investment	3	-	(50,000)
Unrealized gain (loss) on investment	3	(647,942)	1,025,000
		(384,899)	1,181,626
Net income (loss) and comprehensive income (loss)		**$ (1,167,863)**	**$ 456,700**
Earnings (Loss) per share – basic and diluted	11	**$ (0.03)**	**$ 0.01**

Trenchant Capital Corp.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital				
	Number of Common shares	Common shares	Share-based payment reserve	Deficit	Total
Balance at March 31, 2021	**34,211,286**	**$ 6,945,289**	**$ 541,931**	**$ (5,217,569)**	**$ 2,269,651**
Comprehensive income	-	-	-	456,700	456,700
Balance at March 31, 2022	**34,211,286**	**$ 6,945,289**	**$ 541,931**	**$ (4,760,869)**	**$ 2,726,351**
Comprehensive loss	**-**	**-**	**-**	**(1,167,863)**	**(1,167,863)**
Balance at March 31, 2023	**34,211,286**	**$ 6,945,289**	**$ 541,931**	**$ (5,928,732)**	**$ 1,558,488**

See accompanying notes to the consolidated financial statements

Trenchant Capital Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended	
	March 31, 2023	**March 31, 2022**
Operating activities		
Net income (loss)	$ (1,167,863)	$ 456,700
Adjustments for non-cash items:		
Accretion expense	91,170	251,396
Accrued interest expense	14,213	7,164
Accrued interest income	-	(214,922)
Depreciation	73,937	54,510
Gain on sale of investment	(438,675)	-
Unrealized gain on investment	647,942	(1,025,000)
Gain on loss of control	-	(206,626)
Loss on equity investment	-	50,000
Change in fair value of convertible notes	250,000	-
Changes in non-cash working capital items:		
Receivables	(67,616)	2,225
Prepaid expenses	(1,657)	15,402
Interest receivable	531,689	(16,706)
PIK interest receivable	991,611	-
Accounts payables and accrued liabilities	(884,777)	168,752
Net cash flows provided by (used in) operating activities	39,974	(457,105)
Investing activities		
Convertible note	(500,000)	(250,000)
Derecognition of cash due to deconsolidation	-	(135,399)
Salel of investment	439,808	-
Furniture and fixtures	(61,475)	(23,019)
Investment payment	-	(2,500)
Repayment of loans	19,923,000	-
Net cash flows provided by (used in) investing activities	19,801,333	(410,918)
Financing activities		
Repayment of lease obligation	(70,132)	(48,099)
Repayment of debentures	(19,923,000)	-
Net cash flows provided by (used in) financing activities	(19,993,132)	(48,099)
Decrease in cash	(151,825)	(916,122)
Cash, beginning	883,389	1,799,511
Cash, ending	$ 731,564	$ 883,389

1. Nature and continuance of operations

Trenchant Capital Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on December 17, 2009 and trades on Canadian Stock Exchange ("CSE") under the symbol "TCC".

The Company's head office is located at suite 2380, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses for most of the years since its inception and had an accumulated deficit of $5,928,732 at March 31, 2023, which has been funded primarily by loans from related parties. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on July 31, 2023 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Revenue recognition

Interest income on loans is determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

Classification

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

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

Asset or Liability	**Classification**
Cash	FVTPL
Interest receivable	Amortized cost
Convertible notes	FVTPL
Loans receivable	Amortized cost
Investment	FVTPL
Accounts payables	Amortized cost
Debentures	Amortized cost

Measurement

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or 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 profit or loss.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

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

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in the statements of comprehensive loss.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of property and 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 the consolidated statements of comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. As at Mach 31, 2023 and 2022, property and equipment consists of furniture and right of use assets which are amortized over their useful life estimated as follows:

2. Significant accounting policies and basis of preparation (cont'd)

Property and Equipment (cont'd)

Furniture and fixtures	straight line method over 5 years
Right of use assets	term of the lease

The depreciation expense for each period is recognized in the statements of comprehensive loss.

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity. Details of the controlled entity is as follows:

	Country of incorporation	Percentage owned* March 31, 2023	March 31, 2022
0960128 B.C. Ltd.	Canada	100%	100%
1141864 B.C. Ltd.	Canada	100%	100%
Trenchant Energy Holdings Inc.	Canada	100%	100%
Trenchant Investment Corp.	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied in preparing the Company's financial statements are the assessment of the Company's ability to continue as a going concern, and the recoverability of deferred tax assets and loan receivable, useful life of property and equipment, and ability to control associated entities.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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 by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company and its subsidiaries' functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use asset is measured based on the present value of the remaining lease payments at the initial application date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the initial application date using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in Canadian Dollars)

3. Investment in ASEP Medical Holdings Inc. ("ASEP")

During the year ended March 31, 2021, the Company incorporated ASEP and was the sole shareholder in ASEP with 2,500,000 common shares at a price of $0.001 per share. On April 14, 2021, ASEP closed a private placement to issue an aggregate of 8,000,000 common shares at a price of $0.001 per share for gross proceeds of $8,000. On April 16, 2021, ASEP issued an aggregate of 6,500,000 common shares at a price of $0.02 per share for gross proceeds of $130,000 resulting in a dilution in the Company's shareholdings from 100% to 14.7%. As at April 16, 2021, the fair value of ASEP's shares was estimated at $50,000 and ASEP had a net liability position of $156,626. The deconsolidation resulted in a gain of $206,626.

The investment in ASEP was accounted for using the equity method as the Company determined it had significant influence on ASEP until November 18, 2021. The Company's share of ASEP's losses for the period ended November 18, 2021 totaled $50,000 which was recorded as a reduction to investment.

On November 18, 2021, ASEP received final approval to list its common shares on the CSE and the common shares were listed for trading on the CSE on November 22, 2021 under the symbol "ASEP". The Company's investment in ASEP was reduced to 4.45% and the investment was valued at $1,250,000 resulting in an unrealized gain of $1,250,000.

Fair value of investment in ASEP on April 16, 2021	$ 50,000
Carrying value:	
Cash	135,399
Subscription receivable	2,500
Accounts payable	(95,878)
Convertible debentures received in advance	(198,647)
Net liability	(156,626)
Gain on loss of control on April 16, 2021	$ 206,626

During the year ended March 31, 2023, the Company sold 1,133,000 ASEP shares for proceeds of $439,808 and recorded a realized gain of $438,675. As at March 31, 2023, the fair value of the ASEP investment was $375,925 (2022 - $1,025,000), resulting in an unrealized loss of $647,942 (2022 - $225,000).

	March 31, 2023	March 31, 2022
Beginning balance	$ 1,025,000	$ -
Addition	-	1,250,000
Disposals	(439,808)	-
Realized gain on disposal	438,675	-
Unrealized loss on investment	(647,942)	(225,000)
	$ 375,925	$ 1,025,000

The table below summarizes the cost and fair value of investment in ASEP as at March 31, 2023 under IFRS9:

	Number of shares	Cost	Fair value
ASEP	1,367,000	$ 1,367	$ 375,925

(Expressed in Canadian Dollars)

4. Convertible notes

Investment in Nectar Health Sciences

On March 7, 2022, the Company subscribed to a convertible promissory note of Nectar Health Sciences Inc. (“Nectar”) for $250,000 bearing interest at 12% per year (the “Nectar Note”), maturing in a year. If Nectar completes any financing with gross proceeds of at least $500,000, the Company can covert the Nectar Note and accrued interest (the “Outstanding Amount”) into common shares of Nectar with the number of shares equal to the quotient of the Outstanding AAmount divided by the conversion price, which equals to 75% of the offering price per share. If not converted, Nectar shall pay the Outstanding Amount in cash. If Nectar prepays any portion of the Outstanding Amount prior to the maturity date, the Outstanding Amount shall be increased to an amount equal to 110% of the Outstanding Amount and such additional amount shall be repaid in accordance with the terms of the Nectar Note as if it was the Outstanding Amount.

The convertible promissory note was classified as FVTPL at the fair value of $250,000 upon initial measurement. As at March 31, 2023, the convertible note was in default. The Company determined the fair value to be $100,000 by estimating the recoverable amount with an excepted loss recovery rate of 40%. Therefore, the Company recorded a $150,000 of change in fair value in the statement of comprehensive income (loss).

Investment in CG International Petroleum Corp.

On August 3, 2022, the Company subscribed to an unsecured convertible promissory note of CG International Petroleum Corp. (“CGIC”) for $500,000 accruing interest at 10% per year with a maturity date of August 8, 2023 (“CGIC Note”). Pursuant to the CGIC Note, in the event that CGIC completes a reverse takeover (“RTO”), the principal amount of the CGIC Note and all accrued interest shall automatically convert into units of the listed issuer with the number of units equal to the quotient of the outstanding amount of the CGIC Note principal and all accrued interest divided by the conversion price, which equals to 70% of the initial listing price of the shares in the RTO. Each unit shall consist of one share of the listed issuer and such number of warrants of the listed issuer as is equal to the principal amount of the CGIC Note times 10% exercisable at the listing price, with each such warrant exercisable into one additional common share of the listed issuer with an exercise price equal to the listed issuers price per share in the RTO.

CGIC granted the Company the right to act as the RTO target. The Company and CGIC agreed to negotiate to enter into a letter agreement(“Letter Agreement”) outlining the terms of the proposed RTO within 30 days of the execution of the CGIC Note subscription. In the event the Company and CGIC fail to enter into the Letter Agreement, the Company has the right to (a) request the repayment of the principal with accrued interest and a 10% cash penalty within 30 days of CGIC receiving a written request from the Company or in the event the Company does not request repayment (b) a 10% increase in the value of the principal payment of the CGIC Note. As at March 31, 2023, CGIC and the Company have not entered into the Letter Agreement.

As at March 31, 2023, the Company determined that its fair value at $400,000 using the probability weighted expected return method using the following assumptions: loan to maturity discount of 30%, probabilities of RTO of 2% and loan maturity of 98%, and a risk free rate of 4.3%. Therefore, the Company recorded a $100,000 of change in fair value in the statement of comprehensive income (loss).

The table below summarizes the convertible notes for the years ended March 31, 2023 and March 31, 2022:

	March 31, 2023	March 31, 2022
Beginning balance	$ 250,000	$ -
Addition	500,000	250,000
Fair value adjustment	(250,000)	-
	$ 500,000	$ 250,000

(Expressed in Canadian Dollars)

5. Property and Equipment

		Equipment		Right of use		Total
Cost						
March 31, 2021	$	37,846	$	134,363	$	172,209
Additions		23,019		285,302		308,321
March 31, 2022	$	60,865	$	419,665	$	480,530
Additions		61,625		-		61,625
Disposals		(150)		-		(150)
March 31, 2023	$	122,340	$	419,665	$	542,005
Amortization						
March 31, 2021	$	(18,590)	$	(111,199)	$	(129,789)
Charge for the period		(7,569)		(46,941)		(54,510)
March 31, 2022	$	(26,159)	$	(158,140)	$	(184,299)
Charge for the period		(16,877)		(57,060)		(73,937)
March 31, 2023	$	(43,036)	$	(215,200)	$	(258,236)
Net book value						
March 31, 2022	$	34,706	$	261,525	$	296,231
March 31, 2023	$	79,304	$	204,465	$	283,769

6. Loans

The following summarizes information about loan receivable outstanding at March 31, 2023:

		March 31, 2023
Waiward loans		
May 18, 2017	$	5,522,000
June 26, 2017		1,488,000
July 19, 2017		730,000
Repayment of Loans		(7,740,000)
Total		-
ABO loans		
March 2018		5,659,000
May 2018		2,335,000
May 2019		2,428,000
June 2019		1,761,000
Repayment of Loans		(12,183,000)
Total		-

(Expressed in Canadian Dollars)

6. Loans (cont'd)

Waiward Loans

The Company has entered into a loan agreement (the "Loan Agreement") dated March 2, 2017 (which replaced the loan agreement dated October 28, 2016) with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to the Hillcore Group Ltd. ("Hillcore"), pursuant to which a wholly owned subsidiary of the Company (the "Lender") has agreed to loan a minimum of $5,000,000 and a maximum of $20,000,000 (or $23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Waiward Loan") to the Borrower, secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), a Canadian steel fabricator and erector.

The Waiward loans were made by the Company's subsidiary, 0960128 B.C. Ltd., and bear interest at 12.5% per annum, with 10% payable quarterly in cash and 2.5% added quarterly to the principal balance and payable at maturity on March 31, 2022.

Interest earned during the year ended March 31, 2023 was $Nil (2022 - $1,083,548), of which $Nil (2022 - $222,951) was receivable at March 31, 2023 and $Nil (2022 - $991,611) was interest accrued for payment in kind ("PIK"). The loan is secured by the Borrower's indirect equity interest in Waiward Steel.

During the year ended March 31, 2023, the Company received payment from Waiward Investments Limited Partnership for all amounts due under the loan agreement, dated March 2, 2017, and paid all amounts due under the 9% convertible debentures pursuant to the terms of the Convertible Debenture Indenture dated May 18, 2017, to the Trustee for the holders of the Debentures (Note 10).

ABO Loans

In December 2017 the Company' subsidiary 1141864 B.C. Ltd. agreed to lend $5,659,000 to ABO Investments Limited Partnership ("ABO"). The loan bears interest at the rate of 10%, payable quarterly in cash until maturity on January 27, 2023 (the "ABO Loan"). On May 17, 2018, the Company closed the second tranche of the Omni Debentures (Note 10) for which gross proceeds of $2,335,000 were raised through the issuance of 2,335 Omni Debentures. On May 13, 2019, the Company closed the third tranche of the Omni Debentures for gross proceeds of $2,428,000 through the issuance of 2,428 Omni Debentures. On June 28, 2019, the Company closed the fourth tranche of the Omni Debentures for gross proceeds of $1,761,000 through the issuance of 1,761 Omni Debentures.

Interest earned in the year ended March 31, 2023 was $999,683 (2022 - $1,220,799), of which $Nil (2022 - $308,738) was receivable at March 31, 2023. The loan is secured by ABO's indirect equity interest in Omni Health Investments Inc.

7. Accounts payable and accrued liabilities

	March 31, 2023	**March 31, 2022**
Accounts payable (Note 9 and 10)	$ 199,998	$ 1,042,784
Accrued liabilities (Note 9)	-	41,991
	$ 199,998	$ 1,084,775

(Expressed in Canadian Dollars)

8. Lease liabilities

On April 30, 2021, the Company entered into a new lease agreement for use of office premises. The term of lease is 5 years from November 1, 2021. The schedule of monthly payments is below:

	Monthly lease payment
November 1, 2021 to October 31, 2024	$ 5,390
November 1, 2024 to October 31, 2026	$ 5,659

On March 31, 2023 and 2022, the balance of the lease liability is as follows:

	March 31, 2023	March 31, 2022
Balance, beginning	$ 265,210	$ 20,843
Additions	-	285,302
Interest	14,213	7,164
Payments	(70,132)	(48,099)
Balance, ending	$ 209,291	$ 265,210

	March 31, 2023	March 31, 2022
Short term	$ 53,580	$ 50,467
Long term	155,711	214,743
Total	$ 209,291	$ 265,210

During the year ended March 31, 2023, the Company subleased partial of the office premises on a monthly basis and recorded a rental income of $74,368, $46,480 of which is generated from a related party with common management (Note 9). $32,436 of the rental income was receivable as at March 31, 2023.

9. Related party transactions

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company.

Related party balances:

The following amounts are due from/(to) related parties:

	March 31, 2023	March 31, 2022
CFO (Note 7)	$ (2,625)	$ (3,700)
CEO (Note 7)	(47,250)	(194,473)
Directors (Note 7)	(98,100)	(392,400)
Companies with common management	38,253	-
	$ (109,722)	$ (590,573)

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars)

9. Related party transactions (cont'd)

Key management personnel compensation

	March 31, 2023	March 31, 2022
CFO – Professional fees	$ 31,500	$ 31,500
CEO – Consulting fees	$ 189,000	$ 231,000
Directors – Consulting fees	$ 392,400	$ 436,000
Company with common management – rental income	$ 46,480	$ -

10. Debentures

	March 31, 2023	March 31, 2022
Balance, beginning	$ 19,831,830	$ 19,580,434
Interest expense	811,087	1,676,698
Interest paid or payable	(811,087)	(1,676,698)
Accretion of financing costs	91,170	251,396
Repayment of debentures	(19,923,000)	-
	$ -	$ 19,831,830

The Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatories authorities for a proposed public offering of secured convertible debentures (the "Debentures") priced at $1,000 per Debenture (the "Debenture Offering Price"). The Debenture Offering closed for aggregate gross proceeds of $7,740,000. The debenture was loaned to Waiward (Note 6).

The Debentures matured on March 31, 2022 and the outstanding principal of the Debentures beared interest (the "Debenture Interest") at the rate of 9% per annum, payable quarterly in cash. The Debentures were fully repaid during the year ended March 31, 2023.

During the year ended March 31, 2023, the Company has recognized an accretion expense of $Nil (2022 - $150,491) related to this Debenture Offering. During the year ended March 31, 2023, interest expense of $Nil (2022 - $702,058) was paid and accrued, of which $Nil (2022 - $179,608) was included in accounts payable (Note 7).

Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) $1.00 per common share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Debentures, and accrued but unpaid interest thereon, in cash, at any time after May 18, 2019, being two years after the closing of the first tranche of the Debenture Offering, by paying the Debenture holders 105% of the outstanding principal amount of the Debentures in year three, 103% of the outstanding principal amount of the Debentures in year four, and 101% of the outstanding principal amount of the Debentures in year five, plus any accrued but unpaid interest thereon.

10. Debentures (cont'd)

The Company pledged all of the outstanding shares of 0960128 B.C. Ltd. to Computershare, on behalf of the holders of the Debentures, as security for the Company's outstanding obligations under the Debentures. The holders of Debentures have no recourse to the Company other than with respect to such shares. During the year ended March 31, 2023, the debenture was repaid.

<u>The Omni Debentures</u>

In December 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of secured convertible debentures (the "Omni Debentures") priced at $1,000 per Debenture. The net proceeds of the Omni Debenture Offering was used to fund the Omni Loan, as described below. The Debenture Offering closed in four tranches for aggregate gross proceeds of $12,183,000, of which the third and fourth tranches were closed during the year ended March 31, 2020 for gross proceeds of $2,428,000 and $1,761,000, respectively.

The Omni Debentures matured on January 27, 2023 and beared interest at the rate of 8.0% per annum, payable quarterly in cash.

During the year ended March 31, 2023, the Company has recognized an accretion expense of $91,170 (2022 - $100,905) related to these Omni Debentures. During the year ended March 31, 2023, interest expense of $881,087 (2022- $974,640) was paid and accrued, of which $Nil (2022 - $243,660) is included in accounts payable (Note 7).

Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) $1.25 per common share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Omni Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, by paying the Omni Debenture holders 105% of the outstanding principal amount of the Omni Debentures in year three, 103% of the outstanding principal amount of the Omni Debentures in year four, and 101% of the outstanding principal amount of the Omni Debentures in year five, plus any accrued but unpaid interest thereon.

The Company agreed to pledge all of the outstanding shares of 1141864 B.C. Ltd. as security for the Company's outstanding obligations under the Omni Debentures. The holders of Omni Debentures have no recourse to the Company other than with respect to such shares.

The Debentures were fully repaid during the year ended March 31, 2023.

11. Share capital

Authorized share capital

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(Expressed in Canadian Dollars)

11. Share capital (cont'd)

Issued share capital

At March 31, 2023 and 2022, there were 34,211,286 issued and fully paid common shares.

Basic and diluted loss per share

The calculation of basic income per share for the year ended March 31, 2023 was based on the loss attributable to common shareholders of $1,167,863 (income 2022- ($456,700)) and the weighted average number of common shares outstanding of 34,211,286 (2022- 34,211,286).

Stock options

On March 3, 2010, the directors of the Company consented to adopt a Company Share Option Plan (the "Plan"). The shareholders of the Company approved the Plan on September 8, 2011. The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at the time of the granting of options. Such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

There are no stock options outstanding at March 31 2023 and 2022.

Share purchase warrants

The continuity of warrants for the year ended March 31, 2023 is as follows:

	Number of warrants outstanding		Weighted average exercise price
Balance, March 31, 2023	14,950,000	$	0.05
Balance, March 31, 2022	14,950,000	$	0.115

Details of warrants outstanding as at March 31, 2023 are as follows:

Expiry date	Exercise price	Warrants outstanding	Weighted average remaining contractual years
March 24, 2024	$ 0.05	14,950,000	0.98

On January 30, 2023 the Company decreased the exercise price of the warrants issued in previous private placement from $0.115 to $0.05 and extended the expiry date from March 24, 2023 to March 24, 2024 with all other terms of the warrants to continue in full force.

(Expressed in Canadian Dollars)

11. Share capital (cont'd)

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

12. Financial risk and capital management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low. Credit risk with respect to convertible notes is assessed as high as the Nectar Note is in default. Both Nectar and CGIC are startup companies with limited cash inflow from operation. The Company is working with Nectar and CGIC on collection of the convertible notes. The collection is uncertain.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

The following table sets out liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	Lease liability	Total
Less than 1 year	$ 199,998	$ 64,680	$ 264,678
1-5 years	–	173,558	173,558
Balance at March 31, 2023	$ 199,998	$ 238,238	$ 438,236

(Expressed in Canadian Dollars)

12. Financial risk and capital management (cont'd)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company had no exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk. Interest rate risk is assessed as low.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2023	March 31, 2022
FVTPL:		
Cash	$ 731,564	$ 883,389
Investment	375,925	1,025,000
Convertible notes	500,000	250,000
Amortization costs:		
Interest receivable	-	531,689
PIK interest receivable	-	991,611
Loans receivable	-	19,923,000
	$ 1,607,489	$ 23,604,689

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2023	March 31, 2022
Non-derivative financial liabilities:		
Accounts payable	$ 199,998	$ 1,042,784
Debentures	-	19,831,830
	$ 199,998	$ 20,874,614

(Expressed in Canadian Dollars)

12. Financial risk and capital management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Financial instruments classified as level 1 – quoted prices in active markets include cash and investment. Financial instruments classified as level 3 include convertible notes.

13. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2023	**Year ended March 31, 2022**
Net income (loss)	$ (1,167,863)	$ 456,700
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(315,323)	123,309
Non-deductible items and other	131,189	(10,346)
Change in valuation allowance	184,134	(112,963)
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2023	**March 31, 2022**
Non-capital loss carry-forwards	$ 3,470,336	$ 3,962,013
Capital loss	-	58,999
Exploration and evaluation assets	1,850,785	1,850,785
Debenture financing costs	24,105	70,078
Debentures	-	(91,170)
Convertible notes	250,000	-
Equipment	39,251	22,374
PIK interest reserve	-	(272,637)
Investment in ASEP	(374,558)	(1,022,500)
	$ 5,259,919	$ 4,577,942

(Expressed in Canadian Dollars)

13. Income tax expense and deferred tax assets and liabilities (cont'd)

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2031	$ 52,221	$ -
2032	574,306	-
2033	524,874	-
2034	545,514	-
2036	64,858	-
2037	199,331	-
2038	519,609	-
2039	148,771	-
2040	274,223	-
2041	289,150	-
2042	65,074	-
2043	212,405	-
No expiry	-	1,850,785
	$ 3,470,336	$ 1,850,785