

Beyond Oil Ltd.
(Formerly, FTC Cards Inc.)

Unaudited Interim Condensed Consolidated Financial Statements

As of June 30, 2022

Expressed in U.S. dollars

NOTICE TO READERS

The accompanying unaudited interim condensed consolidated financial statements of Beyond Oil Ltd (the Company) (formerly, FTC Cards Inc.) for the three and six months ended June 30, 2022, have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim condensed consolidated financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

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

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

Beyond Oil Ltd.
(Formerly, FTC Cards Inc.)

Unaudited Interim Condensed Consolidated Financial Statements
As of June 30, 2022
Expressed in U.S. dollars

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Beyond Oil Ltd. (formerly, FTC Cards Inc.)**Unaudited Interim Condensed Consolidated Statements of Financial Position****In U.S. dollars**

	Note	June 30, 2022	December 31, 2021
Assets			
Current			
Cash and cash equivalents		\$ 1,966,635	\$ 388,154
Restricted deposit	4	388,293	22,285
Other accounts receivable		112,267	62,298
Total current assets		2,467,195	472,737
Non-current			
Lease asset, net		151,542	78,493
Intangible asset, net		3,590,433	4,163,124
Property and equipment, net		133,086	151,235
Total non-current assets		3,875,061	4,392,852
Total assets		\$ 6,342,256	\$ 4,865,589
Liabilities			
Current liabilities			
Trade accounts payable		\$ 260,671	\$ 42,368
Loan from others		-	791,092
Other accounts payable		428,027	269,707
Related Party	9	355,841	339,787
Derivative liability – Warrants and Options	5	938,594	6,760
Advanced payment		41,559	40,000
Royalties liability	1A	321,982	-
Total current liabilities		2,346,674	1,489,714
Non-current liabilities			
Royalties liability	1A	38,981	735,000
Lease liability		156,624	93,821
Total non-current liabilities		195,605	828,821
Shareholders' equity			
Share capital and premium	6	14,018,681	1,129,271
Reserve from share-based compensation transactions		9,191,035	7,587,731
Reserve from transaction with controlling shareholder		920,245	920,245
Foreign currency translation reserve		680,108	902,244
Accumulated deficit		(21,010,092)	(7,992,437)
Total Shareholders' equity		3,799,977	2,547,054
Total Liabilities and Shareholders' equity		\$ 6,342,256	\$ 4,865,589

Going Concern (Note 1B)

August 23, 2022

Date of approval of the
financial statements

/S/ Jonathan Or

Director -
Jonathan Or

/S/ Tamir Gedo

CEO and Director -
Tamir Gedo*The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements*

Beyond Oil Ltd. (formerly, FTC Cards Inc.)
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss
In U.S. dollars, except per share data

	Six-month period ended June 30,		Three-month period ended June 30,		
	Note	2022	2021	2022	2021
Revenues	\$	-	\$ (42,918)	\$ -	\$ (42,918)
Cost of revenues		-	-	-	-
Gross loss		-	(42,918)	-	(42,918)
Operating expenses					
Research and development		(305,634)	(173,430)	(174,696)	(101,402)
General and administrative		(903,686)	(628,056)	(574,708)	(307,123)
Marketing expenses		(111,328)	-	(77,438)	-
Listing expenses	1	(10,355,052)	-	(10,306,856)	-
Total operating expenses		(11,675,700)	(801,486)	(11,133,698)	(408,525)
Loss from operations		(11,675,700)	(844,404)	(11,133,698)	(451,443)
Finance income		-	19,257	-	1,066
Finance expenses		(1,341,955)	(6,644)	(1,283,383)	(1,918)
Net loss before tax		(13,017,655)	(831,791)	(12,417,081)	(452,295)
Tax expenses		-	-	-	-
Net loss	\$	(13,017,655)	\$ (831,791)	\$ (12,417,081)	\$ (452,295)
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss in subsequent periods</i>					
Translation adjustment to the presentation currency	\$	(222,136)	\$ (57,574)	\$ (165,398)	\$ 40,249
Total comprehensive loss	\$	(13,239,791)	\$ (889,365)	\$ (12,582,479)	\$ (412,046)
Basic and Diluted loss per share		(0.42)	(0.03)	(0.33)	(0.02)
Weighted Average Number of Shares Outstanding		31,022,004	24,410,506	37,560,849	24,410,506

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)**Unaudited Interim Condensed Consolidated Statements of Changes in shareholders' equity****In U.S. dollars****For the Six-month period ended June 30, 2022:**

	Share Capital and Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulate d deficit	Foreign currency translation reserve	Total
Balance, December 31, 2021	\$ 1,129,271	\$ 7,587,731	\$ 920,245	\$ (7,992,437)	\$ 902,244	\$ 2,547,054
Comprehensive loss for the year						
Loss	-	-	-	(13,017,655)	-	(13,017,655)
Other Comprehensive loss in for the period	-	-	-	-	(222,136)	(222,136)
Total comprehensive loss for the year	-	-	-	(13,017,655)	(222,136)	(13,239,791)
Reverse Take Over	12,785,475	442,436	-	-	-	13,227,911
Exercise of warrants	103,935	-	-	-	-	103,935
Share-based compensation	-	1,160,868	-	-	-	1,160,868
Balance, June 30, 2022	\$ 14,018,681	\$ 9,191,035	\$ 920,245	\$ (21,010,092)	\$ 680,108	\$ 3,799,977

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Unaudited Interim Condensed Consolidated Statements of Changes in shareholders' equity

In U.S. dollars

For the Six-month period ended June 30, 2021:

	Share Capital And Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulated deficit	Foreign currency translation reserve	Total
Balance, December 31, 2020	\$ 1,129,271	\$ 7,203,835	\$ -	\$ (5,529,292)	\$ 774,345	\$ 3,578,159
Comprehensive loss for the year						
Loss	-	-	-	(831,791)	-	(831,791)
Comprehensive loss in for the period	-	-	-	-	(57,574)	(57,574)
Total comprehensive loss for the year	-	-	-	(831,791)	(57,574)	(889,365)
Related party transactions	-	-	920,245	-	-	920,245
Share based compensation	-	12,403	-	-	-	12,403
Balance, June 30, 2021	\$ 1,129,271	\$ 7,216,238	\$ 920,245	\$ (6,361,083)	\$ 716,771	\$ 3,621,442

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)
Unaudited Interim Condensed Consolidated Statements of Cash Flows
In U.S. dollars

	Six-month period ended	
	June 30,	
Note	2022	2021
	Unaudited	
Cash flows from operating activities:		
Net loss for the period	\$ (13,017,655)	\$ (831,791)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	150,490	145,682
Fair value adjustments of derivative liability - warrants	811,182	(262)
Fair value adjustments royalties liability at fair value	363,844	(18,392)
Listing expenses	9,195,451	-
Finance expenses, net	4,975	5,698
Share-based compensation	1,160,868	12,403
Changes in operations assets and liabilities:		
Change in related party transactions	57,659	417,444
Change in other accounts receivables	(48,295)	22,132
Change in other advanced payment	-	(2,593)
Changes in trade payables and other trade payables	407,962	10,702
Cash from operations	(913,519)	(238,977)
Interest paid	(4,975)	(5,698)
Net cash used in operating activities	(918,494)	(244,675)
Cash flow from investing activities:		
Restricted deposits	15,277	(807)
Purchase of property and equipment	(16,531)	(7,914)
Net cash used in financing activities	(1,254)	(8,721)
Cash flow from financing activities		
Cash received from reverse takeover	1 2,392,709	-
Short term loan from others	125,000	-
Exercise of warrants	5 88,582	-
Payments of lease liabilities	(16,390)	(10,250)
Net cash provided by financing activities	2,589,901	(10,250)
Exchange rate differences on cash and cash equivalents	(91,672)	(7,189)
Increase (decrease) in cash and cash equivalents	1,670,153	(263,646)
Cash and cash equivalents at the beginning of the year	388,154	486,032
Cash at the end of the year	\$ 1,966,635	\$ 215,197

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 In U.S. dollars, except per share data

NOTE 1- GENERAL:

A. Formation of the Company, Description of business and Merger transaction:

Formation of the Company

The Company was incorporated under the name 0934977 B.C. Ltd. under the laws of the Province of British Columbia on March 9, 2021. On May 16, 2021, its name was changed to “FTC Cards Inc.”. The Company was incorporated by CTF Technologies Inc. (“CTF”) for the purposes of completing a reorganization whereby, pursuant to the terms of an Arrangement Agreement (the “Arrangement Agreement”) between CTF, and FleetCor Technologies Inc. (“FleetCor”), FleetCor would acquire all of the shares of CTF from its existing shareholders and FTC Cards Inc. would be spun out from CTF. Such transaction completed on July 3, 2012, and the Company became a reporting issuer, not listed on any exchange for trading in Canada or elsewhere.

Pursuant to the terms of the Arrangement Agreement, FTC acquired 90.5% of the equity of FTC Cards Processamento e Servicos de Fidelizacao Ltda. The minority 9.5% interest was subsequently cancelled, and the entity became a wholly owned Brazilian subsidiary engaged in the payment card processing business.

On September 26, 2021, the Company entered into a share purchase agreement (the “Share Purchase Agreement”) with Beyond Oil Ltd., a company incorporated under the laws of the Country of Israel on November 25, 2018 (“Beyond Oil Israel”) and the shareholders of Beyond Oil Israel for the acquisition of all of the issued and outstanding shares of Beyond Oil Israel (the “Transaction”). The consideration payable by the Company for the acquisition of Beyond Oil Israel consisted of common shares, common share purchase warrants and contingent rights of the Company.

Beyond Oil Israel is a food-tech company that has developed a solution to reduce free fatty acid from oil while preserving the oil's quality and nutritional values. Beyond Oil Israel develops products that extend the usable life of frying oil, improves food quality, and reduce frying oil costs.

The Transaction was completed on May 13, 2022 whereupon Beyond Oil Israel became a wholly-owned subsidiary of the Company and the Company changed its name to Beyond Oil Ltd.

In connection with the Transaction, the Company completed a non-brokered private placement of 4,666,667 special warrants for gross proceeds of \$3,500,000. The special warrant offering was completed in three tranches: February 4, 2022, February 14, 2022 and April 7, 2022. Each special warrant entitled the holder thereof to acquire, for no additional consideration, one unit. Each “unit” consisted of one common share and one half of one warrant, issuable upon the deemed exercise of the special warrants, with each whole warrant entitling the holder to acquire, one Common Share at a price of \$1.25 per common share until the date that is 12 months from the conversion of the special warrants.

Also, in connection with the Transaction, the Company issued to Beyond Oil’s Israel Shareholders: (i) a total of 24,410,505 common shares of the Company (the “**Payment Shares**”); (ii) 19,528,404 contingent rights which will convert into the same number of common shares of the Company upon the achievement of certain milestones (in (a), (b), (c) or (d) below) pursuant to a deferred purchase price agreement dated May 12, 2022; and (iii) 2,683,333 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.18 for a period of 12 months (the “**Consideration Warrants**”). The Company also issued a total of 1,708,734 common shares and 226,801 warrants to finders of the Transaction or their designated assignees (the “**Finders' Shares and Warrants**”).

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 In U.S. dollars, except per share data

NOTE 1- GENERAL (Continue):

In addition, Beyond Oil Israel shareholders will be entitled to, in the aggregate, for the satisfaction of each as described below (a) – (d), that number of the Company shares as is equal to 10% of the issued and outstanding the Company shares as at the Closing (the rights to such shares, the “Contingent Rights”), upon satisfaction of each of the following: (a) Beyond Oil Israel obtaining orders for at least US\$3 million from customers within twelve (12) months of the Closing; (b) Beyond Oil Israel achieving US\$6 million in cumulative sales within 18 months of the Closing; (c) Beyond Oil Israel achieving US\$13 million in cumulative sales within 30 months of the Closing; and (d) Beyond Oil Israel reaching positive EBITDA by the end of its fiscal year ended December 31, 2023, as confirmed by the audited annual financial statements for the year ended December 31, 2023.

Subject to the approval of the Exchange, the Company has agreed to pay to Pinhas Or, the founder of Beyond Oil Israel, the sum of US\$500,000 upon the Company receiving at least CAN\$2.5 million (\$1.96 million) pursuant to the exercise of Unit Warrants and Consideration Warrants.

The Company’s Board of Directors has adopted a 10% rolling stock option plan (the “FTC Option Plan”). Existing Beyond Oil’s Israel stock options were exchanged for Replacement Options to be governed by the FTC Option Plan for an aggregate of 967,376 options of the Company on the same economic terms as the original options. The Company also issued a total of 2,938,139 options to certain directors, officers and service providers under the FTC Option Plan with each option exercisable at CAN\$0.75 until 2032. The Options will vest as follows: 1/3 at grant, 1/3 one year after grant, and 1/3 two years after grant.

On September 26, 2021, Beyond Oil Israel signed an allocation agreement with the holders of its preferred shares (the “Preferred Investors” and the “Allocation Agreement”) pursuant to which the Preferred Investors agreed to the foregoing in exchange for (and in addition to any other consideration the Preferred Investors may be entitled to under the Definitive Agreement as a shareholder of the Company) (i) payment shares and consideration warrants having an aggregate value of \$735,000 and \$210,000 (number of consideration warrants multiply by the exercise price), respectively; and (ii) execution and delivery of the Investment Return Agreement pursuant to which the Preferred Investors shall be entitled to receive an amount equal to 25% of the Annual Sales Revenue, up to an aggregate amount of \$400,000, in each case allocated on pro-rate basis. The balance of the consideration warrants and payment shares shall be allocated among all Beyond Oil Israel shareholders pro rata based on their respective distribution of Payment Shares. The Company revoked the Preferred shares against the share premium (included in the reverse take over in the Statement of Changes in the Shareholders’ Equity), and recognized the fair value of royalties will be paid based on the future revenues for the royalties liability fair value of \$360,963.

The Preferred Investors also agreed and acknowledged that the existing warrants, according to their terms, shall expire upon the consummation of the Transaction and all previous agreements and understandings between the parties shall be revoked and canceled as of the consummation of the Transaction.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022
In U.S. dollars, except per share data

NOTE 1- GENERAL (Continue):

Accounting for the Reverse Take Over

The Transaction has been accounted for as a reverse takeover (“RTO”) and in accordance with IFRS 2, Share Based Payment. As a result of the transaction described above, the former shareholders of Beyond Oil Israel acquired control of the Company as they owned a majority of the outstanding shares of the Company upon completion of the Transaction and have the majority in the board of directors. Therefore, the transaction constitutes a reverse take-over and is accounted for with Beyond Oil Israel being identified as the acquirer and the net assets of the Company being recorded at fair value at the date of the Transaction. Consequently, the comparative figures presented within these consolidated financial statements are of Beyond Oil Israel.

The Transaction does not qualify as a reverse acquisition under IFRS 3, Business Combinations, as the Company do not meet the definition of a business. Therefore, the Transaction was accounted as a share-based payment in accordance with IFRS 2, Share-Based Payments. Accordingly, the consolidated financial statements represent a continuation of the financial statements of Beyond Oil Israel, together with a deemed issuance of shares, equivalent to the shares held by the former shareholders of the Company. The fair value of the shares issued was determined based on the share price of the Company on the transaction date. The consideration for the Transaction amounted to \$13,227,911 and was recorded as share capital, and the difference between this amount and the fair value of Beyond Oil Israel’s net assets at the Transaction date amounted to \$9,195,451, was recorded as listing expenses.

The functional currency of the Company is the Canadian Dollar. Accordingly, the assets and liabilities were translated at the closing exchange rate at each reporting date. Profit or loss items were translated at average exchange rates for all periods presented. The resulting translation differences are recognized in other comprehensive loss.

Cost of acquisition

Deemed issuance of 22,701,770 common shares to the shareholders of FTC at \$0.528 (CAN\$0.7183) (share price of common share after deducting the warrant fair value for the total price of the transaction).	\$ 11,992,140
The fair value of FTC’s ESOP options exchanged	442,436
The fair value of FTC’s warrants exchanged	<u>58,335</u>
Total consideration	12,492,911
The fair value of net assets acquired	<u>3,297,460</u>
Excess of considerations over net assets acquired	<u>\$ 9,195,451</u>

The Company has an additional \$947,369 share based compensation expenses for issuing a total of 1,708,734 common shares and 226,801 warrants to finders of the Transaction or their designated assignees (see note 8) and \$212,232 as listing costs to be paid in cash.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

In U.S. dollars, except per share data

NOTE 1- GENERAL (Continue):

B. Going concern:

As of June 30, 2022, the Company incurred losses from operations since its inception and as of June 30, 2022, the Company has an accumulated deficit of \$21,010,092. In addition, the Company generated negative cash flows from operating activities of \$918,494 and a loss in the amount of \$13,017,655 for the period ended June 30, 2022. As of the date of the issuance of these financial statements, the Company has not yet commenced generating significant sales, and therefore depends on fundraising from new and existing investors to finance its activities. These factors create material uncertainties that may create substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

C. COVID-19:

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to challenges in finalizing the implementation of research and development processes of the Company, which also affected the marketing agreement with a new distributor in early 2020. The Company has already implemented a number of precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, and to potential clients and partners, which may adversely impact the Company's productivity from an R&D perspective and its business in the supply chain sector. The Company is also fully compliant with local rules and regulations instituted during COVID 19 and understands that mandatory or voluntary self-quarantines may limit the staffing at the Company's facility which will have a further impact on productivity. Management continues to be fully engaged in assessing the impact of COVID-19 and adjusting its operations accordingly to minimize the impact on business performance.

Amidst this highly challenging operating environment, the Company assesses that COVID-19, had an effect on its business, mainly from sales and development of the Company, due to the fact that the Company could not do meetings abroad and do marketing and sells transactions.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

In U.S. dollars, except per share data

NOTE 2 – BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim condensed Consolidated periods, as prescribed in International Accounting Standard No. 34 (“Interim condensed Consolidated Financial Reporting”).

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2021, and for the year then ended and with the notes thereto. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2021, are applied consistently in these interim condensed consolidated financial statements.

NOTE 3 – CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

New IFRSs adopted in the period

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2022 (the date on which the Company’s next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

NOTE 4 – Restricted deposit

Following the closing of the transaction, a sum of CAN\$494,800 from the Transaction proceeds is held under a trustee.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022
In U.S. dollars, except per share data

NOTE 5 - Derivative liability – Warrants and Options:

A. A summary of changes in common share purchase warrants and options issued by the Company during the period ended June 30, 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, January 1, 2022	31,694	6.31
Cancelation of warrants (i)	(31,694)	-
Issuance of warrants (ii)	5,243,458	0.94
Exercise of warrants (iii)	(92,000)	0.96
Balance, June 30, 2022	5,151,458	0.94

(i) For additional information, please see note 1A.

(ii) On May 12, 2022, the Company issued to the former shareholders of Beyond Oil Israel 2,683,333 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.18 for a period of 12 months expiring May 11, 2023 and 2,560,125 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN\$1.25 for a period of 12 months. For additional information, please see special warrants on note 1A.

(iii) In June 2022, 92,000 common shares purchase warrants were exercised for gross proceeds to the Company of CAN\$115,000.

B. The following table summarizes information about warrants outstanding as at June 30, 2022:

Date of issuance	Date of expiry	Exercise price	Exercisable at June 30, 2022
May 12, 2022	May 11, 2023	CAN\$1.25	2,468,125
May 12, 2022	May 11, 2023	CAN\$1.18	2,683,333

As the warrants and options issued by the Company have an exercise price denominated in CAN dollars, which differs from the Company's functional currency, they do not qualify for classification as equity. These warrants and options have been classified as a derivative warrant and option liability and are recorded initially at the fair value and revalued at each reporting date, using the Black-Scholes valuation method. Changes in fair value for each period are included in the comprehensive profit and loss for the period.

The Company uses the Black-Scholes based structural model to estimate the fair value of the derivative warrants and options liability at the end of each reporting period.

C. The following assumptions were used to estimate the fair value of the derivative warrants liability:

	Warrants Issued Pursuant to			
	Concurrent Financing		Consideration Warrants	
	At Issuance		At Issuance Date	
	Date May 12, 2022	June 30, 2022	May 12, 2022	June 30, 2022
Share price	CAN\$0.7183	CAN\$1.29	CAN\$0.7183	CAN\$1.29
Expected life of warrants	1 year	0.87 year	1 year	0.87 year
Expected volatility	50%	40%	50%	40%
Risk-free interest rate	3.1%	3.1%	3.1 %	3.1%

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

In U.S. dollars, except per share data

NOTE 6 - Share Capital and Premium:

Common Shares:

The Company's common Shares confer upon their holders, the right to receive notice of, and to participate in, all general meetings of the Company, to vote in such meetings, to receive dividends, and to participate in the distribution of the surplus assets of the Company in the event of liquidation of the Company.

	Number of shares			
	June 30, 2022		December 31, 2021	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares with 0.01NIS	-	-	9,889,071	2,635,706
Preferred shares with 0.01NIS	-	-	110,929	63,388
Ordinary shares with no par value	*	48,913,010	-	-

* Authorized - Unlimited number of common shares with no par value.

Movements in common shares:

	Number of shares
Balance as of January 1, 2022	2,699,094
Issued in the RTO Private Placement (see note 1)	20,002,676
The Company issued to Beyond Oil Israel shareholders in connection to the Transaction (see note 1)	24,410,506
FTC Shares issued as finder fees (see note 1)	1,708,734
Exercise of warrants (see note 5)	92,000
Balance as of June 30, 2022	48,913,010

For additional information about the closing of the Transaction for aggregate proceeds of \$3,500,000, please see note 1.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)**Notes to the Unaudited Interim Condensed Consolidated Financial Statements****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022****In U.S. dollars, except per share data****NOTE 7 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT:**

This note provides an update on the judgments and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

A. The following table summarizes the information about the level 3 fair value measurements:

June 30, 2022					
Item		Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability – Warrants	\$	938,594	Black-Scholes model	level 3	Volatility of firm's assets returns

December 31, 2021					
Item		Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability – Warrants and options	\$	6,760	Black-Scholes model	level 3	Volatility of firm's assets returns
Preferred share liability		735,000	Black-Scholes model	level 3	Volatility of firm's assets returns

June 30, 2021					
Item		Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability – Warrants and options	\$	463	Black-Scholes model	level 3	Volatility of firm's assets returns
Preferred share liability		380,883	Black-Scholes model	level 3	Volatility of firm's assets returns

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

In U.S. dollars, except per share data

NOTE 7 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (Continue):

B. Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

		Derivative liability – Warrants and options	Preferred share liability
Balance as of January 1, 2021	\$	725	399,275
Profit recognized in Profit or loss:		(262)	(18,392)
Balance as of June 30, 2021		463	380,883
Balance as of January 1, 2021	\$	725	399,275
Profit recognized in Profit or loss:		6,035	335,725
Balance as of December 31, 2021		6,760	735,000
Balance as of January 1, 2022		6,760	735,000
Expired*		(6,560)	-
Issuance of shares (see note 1A)		-	(735,000)
Issuance of warrants		141,484	-
Exercise of warrants		(15,353)	-
Currency exchange *		20,771	-
Foreign currency translation		(26,250)	-
Profit recognized in Profit or loss:		817,742	-
Balance as of June 30, 2022	\$	938,594	-

* Recognized in Profit or loss.

Beyond Oil Ltd. (formerly, FTC Cards Inc.)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022
In U.S. dollars, except per share data

NOTE 8 - SHARE BASED COMPENSATION:

options

- 1) On June 24, 2021 Beyond Oil Israel adopted of a Share Option Plan (“Plan”) in accordance with Section 102 of the Israeli Income Tax Ordinances. The Company Board of Directors has adopted a 10% rolling stock option plan (the “FTC Option Plan”). Existing Company stock options were exchanged for Replacement Options to be governed by the Company Option Plan for an aggregate of 967,376 options of the Company on the same economic terms as the original options.
- 2) The Company also issued a total of 2,938,139 options to certain directors, officers, and service providers under the Company Option Plan with each option exercisable at CAN\$0.75 until 2032.
- 3) On November 8, 2021, the Company granted 975,000 stock options to directors, officers, and consultants of the Company under the Company Option Plan at an exercise price of CAN\$0.50, expiring on November 8, 2031.

A summary of the activity in options granted to purchase the Company's shares under the Company's share option plan is as follows:

	Six months ended June 30, 2022		Three months ended June 30, 2022		Six months ended June 30, 2021		Three months ended June 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighte d Average Exercise Price
	CAN\$		CAN\$		NIS		NIS	
Options outstanding as the beginning of the period	124,630	0.0004	124,630	0.0004	3,708	0.01	3,708	0.01
Changes during the period:								
Granted (1)(2)(3)	4,880,515	0.55	4,880,515	0.55	272,360	0.34	272,360	0.34
Forfeited	(3,708)	-	(3,708)	-	-	-	-	-
Replaced(*)	(120,922)	-	(120,922)	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Exercise	-	-	-	-	-	-	-	-
Options outstanding at end of period (**)	4,880,515	0.55	4,880,515	0.55	276,068	0.33	276,068	0.33
Options exercisable at period end	2,403,519		2,403,519		3,708		3,708	

(*) Following consummation of the Transaction (see note 1), the Options were replaced with economically equivalent options to purchase common shares of the Company.

(**) The options outstanding on June 30, 2022, had a weighted-average contractual life of 9.59 years (December 31, 2021: 9.5 years).

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NOTE 8 - SHARE BASED COMPENSATION (Continue):

	Six months ended June 30, 2022	Three months ended June 30, 2022	Six months ended June 30, 2021	Three months ended June 30, 2021
Options Expenses	\$ 213,499	\$ 192,250	\$ 12,403	\$ 12,403

The following table summarizes information about options outstanding as at June 30, 2022:

Number of options	Date of expiry	Exercise price	Exercisable at June 30, 2022
975,000	November 8, 2031	CAN\$0.5	975,000
2,938,139	May 12, 2032	CAN\$0.75	964,733
967,376	June 24, 2032	CAN\$0.0004	449,139

The following assumptions were used to estimate the fair value of the options:

	At Issuance Date May 12, 2022
Share price	CAN\$0.7138
Expected volatility	40%
Risk-free interest rate	2.75%

The Company considers the expected volatility of the shares of comparable companies and its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on US dollar government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

Finders fee

On May 12, 2022, the Company issued a total 1,708,734 Common Shares at \$0.528 (C\$0.7183) to certain arm's length advisers and 226,801 Warrants in the same price and terms as the Company shareholders have been granted as finder's fees.

The fair value of the shares and warrants at grant date is \$947,369.

The following table summarizes information about the expenses recorded as a result of share based compensations:

	Six months ended June 30, 2022	Three months ended June 30, 2022	Six months ended June 30, 2021	Three months ended June 30, 2021
Shares and warrants	\$ 947,369	\$ 947,369	\$ -	\$ -

The following assumptions were used to estimate the fair value of the Common Shares and Warrants:

	At Issuance Date May 12, 2022
Share price	CAN\$0.7183
Expected volatility	40%
Risk-free interest rate	2.75%

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NOTE 9 – RELATED PARTIES TRANSACTIONS:

Related party transactions:

	Six months ended June 30, 2022	Three months ended June 30, 2022	Six months ended June 30, 2021	Three months ended June 30, 2021
Compensation of key management personnel of the Company:				
CRDO (former CEO of Beyond Oil Israel) Management fees (see 1)	\$ 106,941	\$ 52,887	\$ 96,678	\$ 48,252
CEO Management fees	131,233	60,688	123,345	61,723
CMO Management fees	69,053	39,138	46,928	22,019
A company controlled by a director (see 2)	6,962	6,962	-	-
Other related party transactions:				
Share base payments	167,444	156,995	-	-
CEO defined benefit plan	-	-	210,506	95,795

Balance with related parties:

	June 30, 2022	June 30, 2021	December 31, 2021
Loan to related party	\$ 355,841	\$ 316,441	\$ 339,787
A company controlled by a director	3,068	-	-

- 1) On April 1, 2022, Beyond Oil Israel signed a service agreement with Mr. Pinhas Or to provide him a management service for NIS4,000 per month.
- 2) On April 1, 2022, the Company signed a service agreement with a company controlled 50% by a director of the Company to provide the Company with corporate secretary services for CAN\$3,000 per month, which fee will increase to CAN\$4,250 upon the Company completing an equity financing of at least CAN\$10 million.