Beyond Oil Ltd.

(Formerly, FTC Cards Inc.)

Consolidated Financial Statements
As of December 31, 2022
Expressed in U.S. dollars

Notice to Reader

These consolidated annual financial statements are being re-filed to include a signature on the Independent Auditor Report (page 2). No other changes have been made to the annual financial statements.

Beyond Oil Ltd.

(Formerly, FTC Cards Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

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Independent Auditors' Report
To the Shareholders of Beyond Oil Ltd

Opinion

We have audited the consolidated financial statements of Beyond Oil Ltd and its subsidiaries (the "**Group**"), which comprise the consolidated statements of financial position as of December 31, 2022, and December 31, 2021, and the consolidated statements of comprehensive 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2022, and December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to the 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 1E to the financial statements. The Group incurred losses from operations since its inception, and as of December 31, 2022, the Group has an accumulated deficit of $21,604 thousand. In addition, the Group generated negative cash flows from operating activities of $2,373 thousand and a loss in the amount of $13,612 thousand for the year ended December 31, 2022, As stated in Note 1E, these events and conditions, along with other matters as set forth in Note 1E, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management's Discussion and Analysis.

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Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 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 David Wertheimer.

Tel-Aviv, Israel

March 20, 2023

Ziv Haft

Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

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

Consolidated Statements of Financial Position (see note 1D)

U.S. dollars

	Note	December 31, 2022	December 31, 2021
Assets			
Current			
Cash and cash equivalents		$ 876,462	$ 388,154
Restricted deposit		5,486	22,285
Other accounts receivable	4	112,949	62,298
Total current assets		**994,897**	**472,737**
Non-current			
Lease asset, net	7	178,336	78,493
Intangible asset, net	6	3,462,832	4,163,124
Property and equipment, net	5	154,963	151,235
Total non-current assets		**3,796,131**	**4,392,852**
Total assets		**$ 4,791,028**	**$ 4,865,589**
Liabilities			
Current liabilities			
Trade accounts payable		$ 238,998	$ 42,368
Loan from others	1	-	791,092
Other accounts payable	9	334,017	269,707
Related Party	14	392,140	339,787
Derivative liability	8	4,365	6,760
Advanced payment	15	42,660	40,000
Total current liabilities		**1,012,180**	**1,489,714**
Non-current liabilities			
Royalties liability	1	338,983	-
Preferred shares liability		-	735,000
Lease liability	7	179,107	93,821
Total non-current liabilities		**518,090**	**828,821**
Shareholders' equity			
Share capital and premium	10	14,018,681	1,129,271
Reserve from share-based compensation transactions	11	9,325,084	7,587,731
Reserve from transaction with controlling shareholder	14	920,245	920,245
Foreign currency translation reserve		601,048	902,244
Accumulated deficit		(21,604,300)	(7,992,437)
Total Shareholders' equity		**3,260,758**	**2,547,054**
Total Liabilities and Shareholders' equity		**$ 4,791,028**	**$ 4,865,589**

Going Concern (Note 1E)

March 20, 2023		
Date of approval of the financial statements	Director - Robert Kiesman	CEO and Director - Jonathan Or

The accompanying notes are an integral part of the financial statements.

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

Consolidated Statements of Comprehensive Loss (see note 1D)

U.S. dollars

		Year ended December 31,	
	Note	**2022**	**2021**
Revenues	15	$ -	$ (43,404)
Cost of revenues		-	-
Gross profit		-	(43,404)
Operating expenses			
Operations expenses		(4,858)	-
Research and development expenses	16	(684,671)	(316,780)
General and administrative expenses	17	(1,869,001)	(1,745,073)
Marketing expenses		(298,192)	-
Other expenses	5	-	(8,434)
Listing expenses	1	(10,408,078)	-
Total operating expenses		(13,264,800)	(2,070,287)
Loss from operations		(13,264,800)	(2,113,691)
Finance income	18	126,669	17,760
Finance expenses	18	(473,732)	(367,214)
Net loss before tax		(13,611,863)	(2,463,145)
Income tax expenses	12	-	-
Net loss		(13,611,863)	(2,463,145)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Translation adjustment to the presentation currency		(301,196)	127,899
Total comprehensive loss		$ (13,913,059)	$ (2,335,246)
Basic and Diluted loss per share		(0.34)	(0.10)
Weighted Average Number of Shares Outstanding		40,041,032	* 24,410,506

* See note 1D

The accompanying notes are an integral part of the financial statements.

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

Consolidated Statements of Changes in shareholders' Equity (see note 1D)

U.S. dollars

	Note	Share Capital And Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulated deficit	Foreign currency translation reserve	Total
Balance, January 1, 2021		$ 1,129,271	$ 7,203,835	$ -	$ (5,529,292)	$ 774,345	$ 3,578,159
Comprehensive Income (loss) for the year							
Loss		-	-	-	(2,463,145)	-	(2,463,145)
Other Comprehensive Income for the year		-	-	-	-	127,899	127,899
Total comprehensive Income (loss) for the year		-	-	-	(2,463,145)	127,899	(2,335,246)
Transactions with owners in their capacity as owners	14	-	-	920,245	-	-	920,245
Share based compensation	11	-	383,896	-	-	-	383,896
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		-	-	-	(13,611,863)	-	(13,611,863)
Other Comprehensive Loss for the year		-	-	-	-	(301,196)	(301,196)
Total comprehensive Loss for the year		-	-	-	(13,611,863)	(301,196)	(13,913,059)
Reverse Take Over	1	12,785,475	442,436	-	-	-	13,227,911
Exercise of warrants	10	103,935	-	-	-	-	103,935
Share-based compensation	11	-	1,294,917	-	-	-	1,294,917
Balance, December 31, 2022		**$ 14,018,681**	**$ 9,325,084**	**$ 920,245**	**$ (21,604,300)**	**$ 601,048**	**$ 3,260,758**

The accompanying notes are an integral part of the financial statements.

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

Consolidated Statements of Cash Flows (see note 1D)

U.S. dollars

	Note	Year ended December 31, 2022	2021
Cash flows from operating activities:			
Net loss for the year		$ (13,611,863)	$ (2,463,145)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		307,832	293,859
Loss on sale of property, plant and equipment		-	8,434
Fair value adjustments of derivative		(126,669)	6,035
Re-assessment of royalties liability		348,803	-
Fair value adjustments of derivative liability – preferred shares		-	335,725
Listing expenses		9,195,451	-
Finance expense, net		67,784	11,073
Share based compensation		1,294,917	383,896
Changes in operations assets and liabilities:			
Change in related party transactions		96,274	439,282
Change in other accounts receivables		(40,397)	(19,706)
Change in other advanced payment		7,661	(55,292)
Changes in trade payables and other trade payables		99,549	243,313
Cash used in operations		(2,360,658)	(816,526)
Interest paid		(12,501)	(11,073)
Net cash used in operating activities		(2,373,159)	(827,599)
Cash flow from investing activities:			
Restricted deposits		382,870	(19,993)
Purchase of property and equipment		(57,408)	(20,594)
Net cash provided by (used in) investing activities		325,462	(40,587)
Cash flow from financing activities			
Cash received from reverse takeover (appendix A)	1	3,297,709	-
Short term loan from others, net	1	(780,000)	780,000
Exercise of warrants	10	88,582	-
Payments of lease liabilities		(45,232)	(21,878)
Net cash provided by financing activities		2,561,059	758,122
Translation differences on cash and cash equivalents		(25,054)	12,186
Decrease in cash and cash equivalents		513,362	(110,064)
Cash and cash equivalents at the beginning of the year		388,154	486,032
Cash at the end of the year		$ 876,462	$ 388,154
Significant non-cash transactions:			
Sell of property and equipment		-	19,749

The accompanying notes are an integral part of the financial statements.

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

Consolidated Statements of Cash Flows (see note 1D)

U.S. dollars

	Year ended December 31,	
	2022	**2021**
Appendix A: Cash received from reverse takeover:		
Restricted deposit	$ 379,680	$ -
Other accounts receivable	19,149	-
Other trade payables and liability	(399,078)	-
Listing expenses	9,195,451	-
Issuance of shares and options	(12,492,911)	-
Cash received from reverse takeover	**$** 3,297,709	**$** -

NOTE 1- GENERAL:

The Company, the subsidiary, and the Merger transaction:

A. The Company

The Company (formerly, FTC Cards Inc.) was incorporated under the name 0934977 B.C. Ltd. under the laws of the Province of British Columbia on March 9, 2012. 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. On May 16, 2012, the Company changed its name to "FTC Cards Inc.".

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. This subsidiary became inactive and was subsequently sold to a major shareholder of the Company following approval of the shareholders of the Company in November 2020.

Until May 13, 2022 The Company had no operational activity. Starting May 13, 2022 (the date of completing the transaction with Beyond Oil Israel), the Company introduced new activity by the purchase of a subsidiary company in the food-tech industry and as of this date the Company started to trade on the Canadian Stock Exchange.

B. The subsidiary

The subsidiary Beyond Oil (Israel) ltd ("**Beyond Oil Israel**") was incorporated on November 25, 2018, pursuant to the laws of the State of Israel as a food tech innovator. From commencement, its material purpose was the development of a product that reduces soluble impurities formed during the frying process that causes damaging free fatty acids and polar compound formation, undesirable odors, off-flavors, and off-colors (the "Product"). During the fiscal years from incorporation and up to the present date it has used its available financial resources for the purposes of developing the Product from concept to becoming an international leader in the sale of a preferential adsorbent that extends the usable life of frying oil, improves product quality, and reduces frying oil costs. In light of the foregoing, the financial statements provided materially reflect the business and operations of Beyond Oil Israel.

C. Merger transaction

On September 26, 2021, the Company entered into a share purchase agreement (the "**Share Purchase Agreement**") with 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.

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.

NOTE 1- GENERAL (Continue):

In connection with the Transaction, the Company issued to Beyond Oil's Israel shareholders: (i) a total of 24,410,506 common shares of the Company (the "**Payment Shares**"); and (ii) 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 1,708,735 common shares and 226,801 warrants to finders of the Transaction or their designated assignees (the "**Finders' Shares and Warrants**").

In addition, pursuant to a deferred purchase price agreement dated May 12, 2022, Beyond Oil Israel shareholders were entitled to, in the aggregate, up to 19,528,404 contingent value rights which will convert into the same number of common shares of the Company upon the achievement of the following milestones pursuant to a deferred purchase price agreement dated May 12, 2022:

(i) 4,882,101 common shares upon the Company or Beyond Oil Israel obtaining an order for at least US$3 million from customers within twelve (12) months of the closing of the Transaction;

(ii) 4,882,101 common shares upon the Company or Beyond Oil Israel achieving US$6 million in cumulative sales within 18 months of the closing of the Transaction;

(iii) 4,882,101 common shares upon the Company or Beyond Oil Israel achieving US$13 million in cumulative sales within 30 months of the closing of the Transaction; and

(iv) 4,882,101 common shares upon the Company or Beyond Oil Israel reaching positive EBITDA by the end of its fiscal year ended December 31, 2023, and such amount is confirmed by the audited annual financial statements for the year ended December 31, 2023.

Subject to the approval of the Canadian Securities Exchange, upon the Company or Beyond Oil Israel signing a definitive agreement with a major investor or oil producer on or before December 31, 2023 that results in the Company or Beyond Oil Israel receiving US$10 million in revenues over a 24 month period, such milestone may be used as a replacement for any one milestone in (i), (ii), (iii) or (iv) above.

In connection with the Transaction the Company also 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 an aggregate of 967,376 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 replacement options vest as follows: 25% on the 6-month anniversary of the date of grant followed by 10.7143% each quarter for seven (7) quarters following the 6-month anniversary of the date of grant.

Following the closing of the transaction, 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. These options will vest as follows: 1/3 at grant, 1/3 one year after grant, and 1/3 two years after grant.

NOTE 1- GENERAL (Continue):

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 Share Purchase Agreement as a shareholder of the Company) (i) Payment Shares and Consideration Warrants having an aggregate value of $735,000 and $210,000 (calculated using number of Consideration Warrants multiply by the exercise price), respectively; and (ii) execution and delivery of an investment return agreement pursuant to which the Preferred Investors shall be entitled to receive an amount equal to 25% of Annual Sales Revenue (as defined therein), up to an aggregate amount of $400,000, in each case allocated on pro-rate basis.. The Company derecognized the Preferred shares against the share premium (presented in the Reverse Take Over in the Statement of Changes in the Shareholders' Equity) and recognized the fair value of royalties that paid based on the future revenues for the royalties liability fair value of $338,983.

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

D. <u>Accounting for the Reverse Take Over</u>

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, the former shareholders of Beyond Oil Israel acquired control of the Company as they owned a majority of the outstanding common shares of the Company upon completion of the Transaction and appointed 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 ("**IFRS 3**"), 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, with the exception of information regarding the share capital and loss per share presented in accordance with IFRS 3. Accordingly, the reports on the changes in equity for the year ended on December 31, 2021, were re-presented in order to retroactively reflect the legal share capital of the company and the loss per share was calculated based on the number of shares as of December 31, 2021 multiplied by the conversation rate of the merger Transaction.

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 $12,492,911 and was recorded as share capital and premium and Reserve from share-based compensation transactions, and the difference between this amount and the fair value of the Company net assets at the Transaction date amounted to $9,195,451, was recorded as listing expenses.

The functional currency of the Company is the NIS. 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.

NOTE 1- GENERAL (Continue):

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	58,335
Total consideration	12,492,911
The fair value of net assets acquired	3,297,460
Excess of considerations over net assets acquired	$ 9,195,451

The Company has an additional $947,369 share-based compensation expenses for issuing a total of 1,708,735 common shares and 226,801 warrants to finders of the Transaction or their designated assignees (see note 8) and $921,632 as listing costs paid in cash.

The contingent value rights given to Beyond Oil Israel shareholders accounted as part of the Transaction under the scope of IFRS 2, there are no service conditions related to the contingent value rights, as a result that conditions is considered as non-vesting conditions.

The Company has taken into account the non-vesting conditions when estimating the fair value of the instruments granted, the Company does not expect that conditions to be met, therefor the fair value of the instrument granted is 0.

E. Going concern:

As of December 31, 2022, the Company incurred losses from operations since its inception and as of December 31, 2022, the Company has an accumulated deficit of $21,604,300. In addition, the Company generated negative cash flows from operating activities of $2,373,159 and a loss in the amount of $13,611,863 for the year ended December 31, 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 significant doubts 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.

Company's management believe that the company will be able to pay its debts when they fall due, and to fund near term anticipated activities based on proceeds from capital fund raising (see note 20.1) and future revenues.

Company's management are satisfied that it is appropriate to prepare the financial statements on a going concern basis on the basis that the above can be reasonably expected to be accomplished.

NOTE 2- Significant accounting policies:

a. Basis of preparation:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") (collectively IFRSs).

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("**the Group**") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The financial statements have been prepared on a historical cost basis, except for the following items:
- Financial instruments – fair value through profit or loss
- share based compensation

b. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 3.

c. Functional and presentation currency:

The functional currency of the Company and Beyond Oil Israel is the New Israeli Shekel (NIS), and the presentation currency of the financial statements is the U.S. dollar. References herein to "CAD$" refer to the lawful money of Canada.
The financial statements are presented in USD since the Company believes that financial statements in USD provide more relevant information to the users of the financial statements.
Assets and liabilities are translated at the closing exchange rate at each reporting date. Profit or loss items are translated at average exchange rates for all periods presented. The resulting translation differences are recognized in other comprehensive loss.

NOTE 2- Significant accounting policies (continued):

d. Foreign currency transactions:

Transactions denominated in foreign currency (other than the functional currency) are recognized on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate as of the date of the transaction.

e. Cash and cash equivalents:

Cash equivalents are considered by the Company to be highly liquid investments, including, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit, and which are not restricted.

f. Impairment of non-financial assets:

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of a non-financial asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to dispose), the asset is written down and an impairment charge is recognized accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e., the smallest unit of assets to which the asset belongs that generates cash inflow that is largely independent of cash inflows from other assets).

g. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or

2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTE 2- Significant accounting policies (continued):

Classification of fair value hierarchy

The financial instruments presented in the statements of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

h. Financial instruments:

1. Financial assets:

The Company classifies its financial assets based on the business model for managing the financial asset and its contractual cash flow characteristics. The Company's accounting policy for the relevant category is as follows:

Amortized cost

These assets arise principally from the provision of goods (e.g., trade accounts receivable), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. The Company measures provision of expected credit loss for financial assets at amortized cost, For December 31, 2022 and 2021, the provision is not material.

2. Financial Liabilities:

The Company classifies its financial liabilities into one of the following categories:

Amortized cost

These liabilities include accounts payable, accrued liabilities and royalties liability, which are initially recognized at fair value plus transaction costs that are directly attributable to the issue of the instrument and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss (preferred shares liability) and derivatives (derivative liability – warrants and options).

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

NOTE 2- Significant accounting policies (continued):

3. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issuance expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then the fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro-rata to the amounts determined for each component in the unit.

4. Derivative liability:

Warrants and options that are denominated in a currency other than the functional currency of the Company are considered a derivative liability and are classified as financial liabilities at fair value through profit or loss. Accordingly, warrants and options are measured at fair value and the changes in fair value in each reporting period are recognized in profit or loss.

5. Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the rights to receive the contractual cash flows are transferred.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of profit or loss.

The terms of a financial liability are substantially different if the discounted cash flows under the new terms are at least 10 per cent different from the discounted remaining cash flows of the original financial liability.

i. Share-based compensation:

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date is charged to the statements of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

For share-based compensation transactions for non-employee parties settled in equity instruments, the value of the transaction is measured with reference to the fair value of the goods and/or services received. If the Company is unable to fairly measure the fair value of the goods or services received, fair value is measured in relation to the fair value of the equity instruments granted.

NOTE 2- Significant accounting policies (continued):

j. Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

During the years ended December 2022 and 2021, the Company did not meet these criteria, therefore all research and development expenditures were expensed as incurred and therefore all research and development recognized as expenses.

k. Government grants

Government grants are recognized when there is reasonable assurance that such grants will be received, and the Company will comply with the attached conditions.

Grants for research and development expenses are netted against the cost incurred by the Company. The Company does not committed to royalties payment under the government grants. See note 16.

l. Property, plant, and equipment:

Property, plant, and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with the plant and equipment.

A part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

The cost of an item of property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Computers and others	33
Furniture and office equipment	7
Leasehold improvements	10-30
Laboratory equipment	10-15

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Company and intended to be exercised) and the expected life of the improvement.

The useful life, depreciation method, and residual value of an asset are reviewed at least each year-end, and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

NOTE 2- Significant accounting policies (continued):

m. Intangible assets

An intangible asset is initially recognized, at the date of acquisition, at the cost paid. Variable payments are not included in the carrying amount of the asset at acquisition, and no liability is recognized for the contingent consideration. The Company capitalize the variable payments as part of the cost of the asset when paid, on the basis that these payments represent the direct cost of acquisition.

Intangible assets are initially amortized on a straight-line basis over their 20 years of useful economic lives.

n. Revenue recognition:

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the product.

o. Severance pay:

The Company's liability for its Israeli employees regarding severance pay is pursuant to Section 14 of the Israeli Severance Pay Law ("**Section 14**"). All the Israeli employees are included under this section, and entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. The fund is made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the balance sheet as the severance pay risks have been irrevocably transferred to the severance funds.

The Company also operates a defined benefit plan in respect of termination benefit pay pursuant to an agreement in case of termination of the agreement by each side. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index with a term that is consistent with the estimated term of the severance pay obligation.

Remeasurements of the net liability are recognized in other comprehensive income in the period in which they occur.

p. Provisions:

The Company recognizes provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations, and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

NOTE 2- Significant accounting policies (continued):

q. Leases:

Right-of-use assets:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of right-of-use assets comprises the amount of the initial measurement of the lease liability; lease payments made at or before the commencement date less any lease incentives received; and initial direct costs incurred. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The right-of-use assets are presented within property, plant and equipment.

Lease liabilities:

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives, variable lease payments that depend on an index or a rate, and amounts expected to be paid under a residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

Lease term:

The term of a lease is determined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with (i) the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Depreciation of a right-of-use asset:

Subsequent to the inception of the lease, a right-of-use asset is measured using the cost method, less accumulated depreciation and accumulated impairment losses, and is adjusted for re-measurements of the lease liability. Depreciation is measured using the straight-line method over the useful life or contractual lease term, whichever ends earlier.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset, until the carrying amount is reduced to zero.

r. Issuance costs:

The Company allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) or are otherwise not incremental and directly attributable to issuing new shares, were recognized as an expense in the statement of comprehensive income.

NOTE 2- Significant accounting policies (continued):

s. New standards, interpretations, and amendments not yet effective

The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following amendment has been issued but is not yet effective:

t. 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. These standards and interpretations will not have a material impact on the financial statements once adopted.

NOTE 3- Critical accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Below is a description of assumptions about the future and other factors of uncertainty in estimates at the end of the reporting period, that there is a risk. It is significant that their result will be a substantial adjustment to the fair values of assets and liabilities during the next reporting period.

Judgments:

Determining the fair value of share-based payment transactions: the fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.

NOTE 4 – Other accounts receivables:

	December 31,	
	2022	**2021**
Government institutions	$ 44,137	$ 16,579
Prepaid expenses	48,417	-
Other receivables	20,395	45,719
	$ 112,949	$ 62,298

NOTE 5 – Property, Plant and Equipment, net:

	Vehicles	Machinery and office equipment	Furniture and office equipment	Leasehold improvements	Computers	Total
Cost:						
As of January 1, 2021	$ 51,400	$ -	$ 95,913	$ 58,017	28,556	$ 233,886
Additions	-	5,895	1,826	11,625	1,248	20,594
Disposal	(35,048)	-	-	-	-	(35,048)
Currency exchange	1,735	227	3,308	2,426	1,011	8,707
As of December 31, 2021	**18,087**	**6,122**	**101,047**	**72,068**	**30,815**	**228,139**
Additions	-	35,218	11,064	3,330	7,796	57,408
Currency exchange	(2,102)	(2,332)	(12,254)	(8,529)	(3,940)	(29,157)
As of December 31, 2022	**15,985**	**39,008**	**99,857**	**66,869**	**34,671**	**256,390**
Accumulated depreciation:						
As of January 1, 2021	**8,954**	**-**	**15,870**	**8,658**	**12,910**	**46,392**
Additions	2,613	121	12,398	7,132	11,893	34,157
Disposal	(6,542)	-	-	-	-	(6,542)
Currency exchange	401	5	1,011	593	887	2,897
As of December 31, 2021	**5,426**	**126**	**29,279**	**16,383**	**25,690**	**76,904**
Additions	2,513	2,940	13,626	8,242	7,754	35,075
Currency exchange	(746)	(150)	(4,029)	(2,284)	(3,343)	(10,552)
As of December 31, 2022	**7,193**	**2,916**	**38,876**	**22,341**	**30,101**	**101,427**
Net Book Value:						
As of December 31, 2022	**$ 8,792**	**$ 36,092**	**$ 60,981**	**$ 44,528**	**$ 4,570**	**$ 154,963**
As of December 31, 2021	**$ 12,661**	**$ 5,996**	**$ 71,768**	**$ 55,685**	**$ 5,125**	**$ 151,235**

NOTE 6 – Intangible asset:

		Intellectual property
Cost:		
As of January 1, 2021	$	6,948,584
Additions		-
Currency exchange		234,598
As of December 31, 2021		**7,183,182**
Additions		-
Currency exchange		(834,874)
As of December 31, 2022		**6,348,308**
Accumulated depreciation:		
As of January 1, 2021		2,684,533
Additions		235,839
Currency exchange		99,686
As of December 31, 2021		**3,020,058**
Additions		226,864
Currency exchange		(361,446)
As of December 31, 2022		**2,885,476**
Net Book Value:		
As of December 31, 2022	**$**	**3,462,832**
As of December 31, 2021	**$**	**4,163,124**

At the incorporation date of the Beyond Oil Israel, Beyond Oil Israel entered into an agreement with Mr. Pinhas Or ("**Pinhas**")(a director in Beyond Oil Israel in the date of incorporation of Beyond Oli Israel), to assign all of his rights in and to the intellectual property related to the technology developed reducing the degree of acidity in edible oils, including all patent applications and trade secrets (the "**IP Assignment Agreement**"). As consideration for the transfer of such rights Beyond Oil Israel agreed to pay Pinhas a royalty of 5% on all amounts received from the issuance of licenses for use /franchises, from the sale of the formula powder to the use of sub-license recipients worldwide, from making exit, fund raisings after deducting customs, fees and other direct taxes levied on the products or services provided and paid by Pinhas directly. Also, at the incorporation date of Beyond Oil Israel, Beyond Oil Israel issued 1,930,000 ordinary shares to Pinhas as additional consideration for the intellectual property rights transferred under the IP Assignment Agreement. For additional information about the signed revised agreement with Pinhas, please see note 14(1).

The royalty was recognized as an asset of Beyond Oil Israel as subsequent changes in the contingent consideration liability or subsequent payments are capitalized when incurred. As of December 31, 2022 and 2021, sum of $74,000 was recognized as an asset.

Beyond Oil Israel cannot measure fairly the fair value of the received asset. The fair value of the asset was measured according to the fair value of the equity instruments issued as consideration. The fair value of the shares was determined based on the price at which shares were issued in a private placement in December 2018. The useful economical life of the intangible asset is 20 years.

NOTE 7 – Leases:

a) Beyond Oil Israel's lease arrangement for office space in Kibbutz Yifat, Israel commenced in February 2019 and ends in October 2024. According to the terms of this agreement, the Company has an option to extend the term for six additional years. The annual lease commitment is approximately NIS48,000 (approximately $14,298). The incremental borrowing rate is 10.57%.

b) Beyond Oil Israel's lease arrangement for factory space in Migdal Haemek, Israel commenced in November 2019 and ends in March 2025. According to the terms of this agreement, the Company has an extension option for two additional years for all the Company's space at this location. The Company expect to exercise the option. Therefore it is part of the lease term The annual lease commitment is approximately NIS75,600 (approximately $22,519). The incremental borrowing rate is 11.83%.

c) Beyond Oil Israel's lease arrangement for lease vehicles from some vehicles leasing companies in Israel commenced in year 2022 for 3 year period. The annual lease commitment is approximately NIS15,750 (approximately $4,476). The average incremental borrowing rate is 10.47%.

Lease liabilities	**Year ended December 31,**	
	2022	**2021**
Interest expense	$ 12,501	$ 11,073
Total cash outflow for leases	45,232	32,951

NOTE 8 - Derivative liability:

(i) A summary of changes in share purchase warrants issued by the Company during the years ended December 31, 2022, and 2021 is as follows:

	Number of Warrants	**Weighted Average Exercise Price ($)**
Balance, January 1, 2021	**31,694**	**6.31**
Issuance of warrants	-	-
Balance, December 31, 2021	**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, December 31, 2022	**5,151,458**	**0.94**

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

(ii) On May 12, 2022, the Company issued to the former shareholders of Beyond Oil Israel 2,683,333 Consideration 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 Unit 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 1D.

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

NOTE 8 - Derivative liability (continued):

B. The following table summarizes information about warrants outstanding as at December 31, 2022:

Date of issuance	Date of expiry	Exercise price	Exercisable at December 31, 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.

(i) The following assumptions were used to estimate the fair value of the derivative warrants and options liability:

	Warrants Issued Pursuant to Concurrent Financing		Consideration Warrants	
	At Issuance Date May 12, 2022	**December 31, 2022**	**At Issuance Date May 12, 2022**	**December 31, 2022**
Share price	CAN$0.7183	CAN$0.71	CAN$0.7183	CAN$0.71
Expected life of warrants	1 year	0.36 year	1 year	0.36 year
Expected volatility	50%	40%	50%	40%
Risk-free interest rate	3.1%	4.05%	3.1 %	4.05%

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 of the option is based on the contractual term.

NOTE 9 – Other accounts payable:

	December 31, 2022	December 31, 2021
Employees	$ 162,425	$ 79,972
Accrued expenses	171,592	189,735
	$ 334,017	$ 269,707

NOTE 10 - Share Capital and Premium:

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.

For additional information about the exercise of 92,000 common shares purchase warrants for gross proceeds to the Company of CAN$115,000, please see note 8.

	Number of shares			
	December 31, 2022		**December 31, 2021**	
	Authorized	**Issued and outstanding**	**Authorized**	**Issued and outstanding**
Common shares with no par value	*	48,913,006	*	**18,035,101

* Authorized - Unlimited number of common shares with no par value.
** see note 1D.

Movements in common shares:

	Number of shares
Balance as of January 1, 2022	18,035,101
Adjustment of number of shares in connection to the transaction	30,785,905
Exercise of warrants (see note 8)	92,000
Balance as of December 31, 2022	**48,913,006**

NOTE 11 - Share-based compensation transactions:

a) On September 26, 2021, the company adopted a stock option plan (the "**Stock Option Plan**"). The Stock Option Plan provides that aggregate number of securities reserved for issuance will be 10% of the number of the common shares of the Company issued and outstanding from time to time. The Stock Option Plan is administrative to the Board of Directors of the Company, which has full and final authority with respect of granting of all options thereunder. Option may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise price will be determined by the Board of Directors, but will, in no event, be less of the closing market price of common shares on: (a)the trading date prior to the date of grant of the Stock Options; and (b)the date of the grant of the Stock Options. All options granted under the Stock Option Plan will be expired no later than that is ten years from the date that such options are granted. Option granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

b) On June 24, 2021, Beyond Oil Israel granted 120,922 options and 234,704 restricted shares (that been granted to the Company's CEO) to purchase ordinary shares to the Beyond Oil Israel's employees and advisors under the Plan. The exercise prices of the options and restricted shares is NIS 0.01. The options will expire after 10 years of the date of grant. The vesting period of the options is 27 months and of the restricted shares is 6 months. All the options will be vested as follows: 25% following 6 months as of the date of grant + 10.7143% each quarter over 7 quarters following 6 months as of the date of grant. Following consummation of the Transaction (see note 1D), the outstanding Beyond Oil Israel options were replaced with economically equivalent options to purchase common shares of the Company for 967,376 stock options of the Company.

   On August 8, 2021, Beyond Oil Israel's board resolved to amend its previous resolution from June 24, 2021, regarding granting options to Beyond Oil Israel's employees and advisors, in such manner, that the granted Shares and Options will not be subject to the cancellation agreement and will not be terminated, in the event that Beyond Oil Israel does not consummate a merger event.

c) On May 12, 2022, The Company issued a total of 2,938,139 options to certain directors, officers, and service providers under the Company Stock Option Plan with each option exercisable at CAN$0.75 until May 12, 2032.

NOTE 11 - SHARE BASED COMPENSATION (Continue):

A summary of the activity in options granted to purchase the Company's shares under the Stock Option Plan is as follows:

	December 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	CAN$			
Options outstanding as the beginning of the period	**975,000**	**0.50**	**-**	**-**
Changes during the period:				
Granted a)b)c)	3,905,515	0.56	975,000	0.50
Expired	-	-	-	-
Exercise	-	-	-	-
Options outstanding at end of period (*)	**4,880,515**	**0.55**	**975,000**	**0.50**
Options exercisable at period end	2,610,814		975,000	

(*) The options outstanding on December 31, 2022, had a weighted-average contractual life of 9.09 years (December 31, 2021: 9.5 years).

(i) The Company uses the Black-Scholes based structural model to estimate the fair value of the options and the restricted shares.

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

	December 31, 2022	December 31, 2021
Options Expenses	$ 347,548	$ 84,354

The following table summarizes information about options outstanding as at December 31, 2022:

Number of options	Date of expiry	Exercise price	Exercisable at December 31, 2022
975,000	November 8, 2031	CAN$0.5	975,000
2,938,139	May 12, 2032	CAN$0.75	979,380
967,376	June 24, 2031	CAN$0.0004712125	656,434

NOTE 11 - Share-based compensation transactions (continued):

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

	At Issuance Date May 12, 2022	At Issuance Date June 24, 2021
Share price	CAN$0.7138	$1.206
Expected volatility	40%	45%
Risk-free interest rate	2.75%	0.8782%

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 1,708,735 Common Shares at $0.528 (C$0.7183) to certain arm's length advisers and 226,801 warrants each exercisable for one common share at a price of $1.25 for a period of 12 months.

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:

	December 31, 2022	December 31, 2021
Shares and warrants	$ 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%

The Company considers the expected volatility of the shares of comparable companies and its ordinary 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 government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term of the warrants.

NOTE 11 - Share-based compensation transactions (continued):

*Restricted shares**
*see b) above.

	December 31, 2022		December 31, 2021	
	Number of restricted shares	**Weighted Average Exercise Price**	**Number of restricted shares**	**Weighted Average Exercise Price**
		NIS		**NIS**
Restricted shares outstanding as the beginning of the year	234,704	0.01	-	0.01
Changes during the period:				
Granted	-	-	234,704	0.01
Expired	-	-	-	-
Exercise	(234,704)	0.01	-	-
Restricted shares at end of period	-	-	234,704	0.01
Restricted shares exercisable at period end	-		-	

The total fair value of the restricted shares granted is $299,542. The total expense as of December 31, 2021 is $299,542 (as of December 31, 2022 - $0).

NOTE 12 - Income tax:

a. Tax rates: The corporate tax rate in Canada was 26.5% for 2021 and 2022 and the corporate tax rate in Israel was 23% for 2021 and 2022.

b. Net operating losses carry forward:

As of December 31, 2022, the company had approximately CAN$2.4 million in non-capital loss carry forward available to reduce taxable income for future years, which begin expiring in 2035.

As of December 31, 2022, the company had approximately CAN$7.5 million in capital loss carry forward available only to offset future capital gains and may be carry forward indefinitely.

As of December 31, 2022, Beyond Oil Israel had estimated carry forward tax losses of approximately $3.4 million, which may be carried forward and offset against taxable income for an indefinite period in the future. A deferred tax asset on the Company's losses was not recognized since it is not probable that taxable profit will be available in the foreseeable future.

c. Reconciliation of effective tax rate:

The adjustments for the difference between the actual tax charge for the year and the standard rate of corporate tax in Israel applied to profits for the year are as follows:

For the Year ended December 31,	**2022**	**2021**
Loss before income tax	$ (13,611,863)	$ (2,463,145)
Combined statutory tax rate – 26%	(4,239,800)	(566,523)
losses for which no deferred tax asset was recognized	4,239,800	566,523
Total income tax expense	**$ -**	**$ -**

NOTE 13 - Financial instruments and risk management:

The Company holds the following financial instruments:

Financial assets		**December 31, 2022**		**December 31, 2021**
Financial assets at amortized cost:				
Cash And cash equivalents	$	876,462	$	388,154
Restricted cash		5,486		22,285
Other accounts receivables		112,949		62,298
	$	**994,897**	**$**	**472,737**

Financial liabilities		**December 31, 2022**		**December 31, 2021**
Financial liabilities at amortized cost:				
Trade payables	$	238,998	$	42,368
Loan from others		-		791,092
Related Party		392,140		339,787
Royalties liability		338,983		-
Lease liability		179,107		93,821
		1,149,228		**1,267,068**
Financial liabilities at fair value:				
Preferred shares liability		-		735,000
Derivative liability		4,365		6,760
	$	**4,365**	**$**	**741,760**

The Company is exposed to a variety of financial risks, which result from its financing, operating, and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables, and other liabilities. The main purpose of these financial instruments is to raise financing for the Company's operation. The Company actively measures, monitors, and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the cash balances exposed to interest is minimal. The risk management policies employed by the Company to manage these risks are discussed below.

a. Foreign currency risk:

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which it denominated and the functional currency of the Company.

The currencies in which some transactions are primarily denominated are NIS, US dollars, Candain dollars and Euro.

The Company's policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

NOTE 13 - Financial instruments and risk management (continued):

	As of December 31, 2022				
Assets	**NIS**	**EURO**	**US dollar**	**CAN**	**Total**
Cash And cash equivalents	$ 496,980	$ -	$ 508	$ 378,974	$ 876,462
Restricted cash	5,486	-	-	-	5,486
Other accounts receivables	48,417	-	-	-	48,417
Lease asset	178,336	-	-	-	178,336
	729,219	-	**508**	**378,974**	**1,108,701**
Liabilities					
Accounts payable	34,505	-	-	204,493	238,998
Related Party	392,140	-	-	-	392,140
Advanced payment	-	42,660	-	-	42,660
Royalties liability	-	-	338,983	-	338,983
Lease liability	179,107	-	-	-	179,107
	$ 605,752	**$ 42,660**	**$ 338,983**	**$ 204,493**	**$ 1,191,888**

	As of December 31, 2021				
Assets	**NIS**	**EURO**	**US dollar**	**CAN**	**Total**
Cash And cash equivalents	$ 171,921	$ -	$ 216,233	$ -	$ 388,154
Restricted cash	22,285	-	-	-	22,285
Lease asset	78,493	-	-	-	78,493
	272,699	-	**216,233**	**-**	**488,932**
Liabilities					
Accounts payable	42,368	-	-	-	42,368
Loan from others	-	-	791,092	-	791,092
Related Party	339,787	-	-	-	339,787
Advanced payment	-	40,000	-	-	40,000
Preferred shares liability	-	-	735,000	-	735,000
Lease liability	93,821	-	-	-	93,821
	$ 475,976	**$ 40,000**	**$ 1,526,092**	**$ -**	**$ 2,042,068**

NOTE 13 - Financial instruments and risk management (continued):

Analysis:
Based on the above exposures, a 5% appreciation of the NIS against the following currencies would impact the Company's equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

For a 5% depreciation of the NIS against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

		December 31, 2022		December 31, 2021
Linked to EURO	$	(42,660)	$	(40,000)
		5%		5%
		(2,133)		(2,000)
Linked to USD		(338,475)		(1,309,859)
		5%		5%
	$	(16,924)	$	(65,493)
Linked to CAN		174,481		-
		5%		5%
	$	8,724	$	-

b. Liquidity risks:

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. For additional information about the ongoing concern of the Company, please see note 1E.

To manage liquidity risk, the Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the 2022 financial year, these projections indicated that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following tables detail the Company's remaining contractual maturity for the Company's financial liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the repayment forecast of the management of the Company.

December 31, 2022:			**Cash outflows ($)**				
	Book value	**Less than one year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**> 5 years**	**Total**
Other receivables	112,949	112,949	-	-	-	-	112,949
Lease Liability	(179,107)	(89,490)	(87,503)	(24,602)	-	-	(201,595)
Related Party	(392,140)	(392,140)	-	-	-	-	(392,140)
Royalties liability	(338,983)	(338,983)	-	-	-	-	(338,983)
Accounts payable and accrued liabilities	(573,015)	(573,015)	-	-	-	-	(573,015)
Total	**(1,370,296)**	**(1,280,679)**	**(87,503)**	**(24,602)**	-	-	**(1,392,784)**

NOTE 13 - Financial instruments and risk management (continued):

December 31, 2021:		**Cash outflows ($)**					
	Book value	**Less than one year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**> 5 years**	**Total**
Other receivables	62,298	62,298	-	-	-	-	62,298
Lease Liability	(791,092)	(791,092)	-	-	-	-	(791,092)
Preferred shares liability	(93,821)	(34,921)	(35,854)	(34,073)	(6,531)	-	(111,378)
Related Party	(339,787)	(339,787)	-	-	-	-	(339,787)
Accounts payable and accrued liabilities	(312,075)	(312,075)	-	-	-	-	(312,075)
Total	**(1,474,477)**	**(1,415,577)**	**(35,854)**	**(34,073)**	**(6,531)**	**-**	**(1,492,034)**

c. Fair value of financial assets and liabilities:

The fair value of the Company's current financial assets and liabilities approximates their carrying amounts as their maturity date is less than 1 year and they do not bear a fixed interest rate.

At December 31, 2022, the Company had no financial assets measured and recognized on the condensed consolidated interim statement of financial position at fair value belonging in Level 1 or Level 2 of the fair value hierarchy.

The following table summarizes the information about the Company’s financial liabilities measured and recognized at level 3 of the fair value hierarchy:

December 31, 2022

Item	**Fair value**	**Valuation technique**	**Fair value hierarchy level**	**Significant unobservable inputs**
Derivative liability	4,365	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	6,760	Black-Scholes model	level 3	Volatility of firm's assets returns
Preferred shares liability	735,000	Black-Scholes model	level 3	Volatility of firm's assets returns

* A change in the volatility measure by +5% results in a change of + $4,936 of the fair value and a change in the volatility measure by -5% results in a change of - $2,787 of the fair value.

NOTE 13 - Financial instruments and risk management (continued):

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

		Derivative liability - Warrants	Preferred share liability
Balance as of January 1, 2021	**$**	**725**	**399,275**
Issuance of Warrants		6,035	335,725
Balance as of December 31, 2021		**6,760**	**735,000**
Expired*		(6,194)	-
Issuance of shares (see note 1D)		-	(735,000)
Issuance of warrants		141,484	-
Exercise of warrants		(15,353)	-
Currency exchange		(2,339)	-
Foreign currency translation		482	-
Loss recognized in Profit or loss:		(120,475)	
Balance as of December 31, 2022	$	**4,365**	**-**

d. Financial instruments not measured at fair value:

Financial instruments that are not measured at fair value include cash and cash equivalents, restricted cash, trade, and other receivables, trade, and other payables, loan from others, related party and royalties liability.
Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, trade, and other receivables, trade, other payables, loan from others, related party and royalties liability approximate their fair value.

e. Capital management:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust its operational and administrative activities. In order to preserve cash, the Company does not pay any dividends. The Company is not subject to any externally imposed capital requirements.

The Company has cash and cash equivalents at the balance sheet date of $876,462 (2021 – $388,154). Accordingly, the directors believe that the Company has sufficient capital pay its debts when they fall due, and to fund near term anticipated activities (see Note 20(1)).

NOTE 14 - Related Parties Transactions:

Related party transactions:

For the year ended December 31,	2022	2021
Compensation of key management personnel of the Company:		
CRDO (former CEO) Management fees (see 1)	$ 228,130	$ 200,204
CEO Management fees (see 3)	281,261	228,942
CMO Management fees (see 2)	170,394	89,640
A company controlled by a director (see 4)	20,585	-
Other related party transactions:		
Share base payments	275,734	341,639
CEO defined benefit plan	-	210,508

Balance with related parties:

As of December 31,	2022	2021
Loan from related party	$ 392,140	$ 339,787
A company controlled by a director	6,198	-

1) <u>CRDO and a Chairman of the Board of Directors (Former CEO), Mr. Pinhas Or (Pinhas)</u>
On November 25, 2018, Beyond Oil Israel entered into a consulting agreement (the "**Pinhas Consulting Agreement**") with Mr. Pinhas Or ("**Pinhas**") pursuant to which Beyond Oil Israel agreed to engage Pinhas to provide, and Pinhas agreed to provide to Beyond Oil Israel, management services and serve as the CEO of the Company. Subject to and conditional upon Beyond Oil Israel consummating a transaction or series of related transactions, in which Beyond Oil Israel raises an aggregate amount of at least US$ 1,000,000 (a "**Financing Event**"), Beyond Oil Israel agreed to pay Pinhas for the services: a one-time payment equal to NIS 25,000 (approximately $7,447) multiplied by the number of months between the execution of the agreement and completion of a Financing Event and thereafter a monthly fee of NIS 50,000 (approximately $14,894) (the "**Monthly Fee**"). The Financing Event occurred in December 2019. Pinhas is also entitled to the use of a car, pension, disability, and accident insurance.

In the event a new CEO is appointed to Beyond Oil Israel or Pinhas is transferred to another position (President of Beyond Oil Israel or Head of the Research and Development Department) Beyond Oil Israel agreed to pay him a one-time payment equal to 24 times the Monthly Fee.

Each party may terminate the Pinhas Consulting Agreement upon 90 days prior written notice (reduced to 7 days in the case of a material breach). In case of termination of the Pinhas Consulting Agreement for any reason, Beyond Oil Israel will pay Pinhas a sum equal to 250% of all of the amounts paid or that must to be paid to Pinhas according to the agreement. On June 24, 2021, the agreement was terminated and Pinhas have waived this obligation of Beyond Oil Israel.

NOTE 14 - Related Parties Transactions (continued):

On June 17, 2021, Beyond Oil Israel entered into a revised consulting agreement with Pinhas which agreement supersedes the Pinhas Consulting Agreement (the "**Revised Pinhas Consulting Agreement**"). Pursuant to the Revised Pinhas Consulting Agreement Beyond Oil Israel agreed to engage Pinhas to provide, and Pinhas agreed to provide to Beyond Oil Israel, management services and serve as Beyond Oil Israel's head of research and development on an 80% basis, for a monthly fee of NIS 50,000 (approximately $14,894). Pinhas is also entitled to the reimbursement of car expenses.

The Revised Pinhas Consulting Agreement, may be terminated upon 180 days prior written notice (reduced to 7 days in the case of a material breach). In case of termination of the Revised Pinhas Consulting Agreement for any reason other than cause or material breach, Beyond Oil Israel must pay Pinhas NIS 1,000,000 (approximately $297,876) (the "**Termination Grant**") and a royalty equal to 3% of Beyond Oil Israel's net sales (the "**Royalty**"), based on its annual financial statements. The Termination Grant shall be paid to Pinhas within 30 days following the termination. The aforementioned Royalty shall be paid to Pinhas, in the earlier of an 8 (eight) years period following his termination of or engagement, as the case may be at Beyond Oil Israel or an Exit Event in Beyond Oil Israel. In the event Pinhas dies on or before the day that is ten (10) years from the date of the agreement, the Royalty will only be payable for five (5) years from the date of death.

On June 17, 2021, Beyond Oil Israel entered into an agreement amending the IP Assignment Agreement with Pinhas (the "**First IP Assignment Amendment**"). The First IP Assignment Amendment reduced the royalty payable thereunder from 5% to 3% of net sales in the event that Pinhas' engagement with Beyond Oil Israel is terminated by Beyond Oil Israel for any reason, other than cause. The aforementioned royalty is payable for the period of 8 (eight) years following termination or an Exit Event. "Exit Event" means the sale of all Beyond Oil Israel's shares or all or substantially all of Beyond Oil Israel's assets in one transaction or in a series of related transactions including by way of a perpetual license to be granted by the company or by way of merger the result of which is that Beyond Oil Israel's shareholders hold less than 50% of the shares and voting rights in the surviving entity, all at a minimum valuation of US$100,000,000. Also, it was agreed that the Proposed Transaction with FTC will not constitute an Exit Event.

Beyond Oil Israel has agreed to grant Pinhas 60,575 options of the Company to purchase shares with an exercise price of CAD$0.75 (the **"Options**") subject to the approval of the Company's board. The Options will vest according to the vesting schedule approved by Beyond Oil Israel's board the vesting starting date is subject to the approval of Beyond Oil Israel's board, however, all unvested Options shall cease to vest and shall automatically expire in the event that Pinhas no longer serves as a consultant to the Company, for any reason.

Following consummation of the FTC Transaction (see note 1D), these Options are exercisable to purchase common shares of the company.

On April 1, 2022, Beyond Oil Israel signed a service agreement with Mr. Pinhas Or to provide him a management service for NIS 4,000 (approximately, $1,137) per month.

NOTE 14 - Related Parties Transactions (continued):

2) CMO and a member of the Board of Directors, Mr. Jonathan Or (Jonathan) (Son of Pinhas)
On November 25, 2018, Beyond Oil Israel entered into a consulting agreement with Jonathan. pursuant to which Beyond Oil Israel agreed to engage Jonathan to provide, and Jonathan agreed to provide to Beyond Oil Israel, sales manager services. As consideration for these services Beyond Oil Israel agreed to pay Jonathan (i) a monthly fee of NIS 10,000 (approximately $2,979) to be increased to NIS 25,000 (approximately $7,447) (the "**Monthly Fee**") upon Beyond Oil Israel consummating a transaction or series of related transactions, in which Beyond Oil Israel raises an aggregate amount of at least US$ 1,000,000 or a grant from the Israel Innovation Authority (a "**Financing Event**") and to be further increased to NIS 35,000 upon a Financing Event raising US$ 2,000,000, and (ii) an amount equal to 5% of amounts generated by customers presented by Jonathan over a five year period. The Financing Event occurred in December 2019. Jonathan is entitled to the standard social benefits and fringe benefits as customary and disability and accident insurance.
Either party may terminate the Jonathan Consulting Agreement upon 90 days prior written notice (reduced to 7 days in the case of a material breach).
On June 8, 2021, Beyond Oil Israel entered into an employment agreement with Jonathan effective that date (the "**Jonathan Employment Agreement**") pursuant to which Jonathan is employed on a full-time basis as Beyond Oil Israel's Chief Marketing Officer at an annual, salary of NIS 20,000 (approximately $5,956).

Following the completion of the Transaction, Jonathan's salary increased to NIS 35,000 (approximately $10,426) with standard social and fringe benefits and following the Company generating cumulative revenue of $ 1 million his salary will be increased to NIS 45,000 (approximately $13,404). This agreement supersedes the consulting agreement dated November 25, 2018.

Beyond Oil Israel agreed to grant Jonathan 60,575 options of Beyond Oil Israel to purchase shares with an exercise price of CAN$ 0.75 (the "**Options**") subject to the approval of Beyond Oil Israel's board. Following consummation of the Transaction, the Options are exercisable for common shares of the company.

These Options will vest according to the vesting schedule approved by the Company's board. The vesting starting date is subject to the approval of the Company's board, however, that all unvested Options shall cease to vest and shall automatically expire in the event that Jonathan no longer serves as an employee of the Company, for any reason.

For additional information on appointing Jonathan as the company interim CEO, please see note 20(2).

NOTE 14 - Related Parties Transactions (continued):

3) On June 28, 2021, Beyond Oil Israel entered into an employment agreement with Mr. Tamir Gedo ("**Tamir**"), pursuant to which Tamir agreed to serve as Beyond Oil Israel's CEO (the "**Tamir Employment Agreement**") Prior to completion of the Transaction, Tamir is engaged on a part-time basis for a salary of NIS 50,000 (approximately $14,894) and after the completion of the Transaction, Tamir will be engaged on a full-time basis for a salary of NIS 60,000 (approximately $17,873).

   Tamir is also entitled to a special bonus of 1% of the value given to Beyond Oil Israel, its shares, its assets, or its operations, as the case may be, upon an Exit Event. "Exit Event" shall mean the sale of all Beyond Oil Israel's shares or all or substantially all of Beyond Oil Israel's assets in one transaction or in a series of related transaction including by way of a perpetual license to be granted by Beyond Oil Israel or by way of merger the result of which will be that Beyond Oil Israel's shareholders will hold less than 50% of the shares and voting rights in the surviving entity, and all at a minimal Beyond Oil's valuation of US$100,000,000 (one hundred million).

   The Tamir Employment Agreement is for a non-fixed period and can be terminated by either party, prior to the completion of an IPO, upon the notice period prescribed by applicable law, and thereafter upon 180 days notice.

   Tamir is entitled to the standard social benefits and fringe benefits. The Tamir Employment Agreement includes non-disclosure and non-competition covenants.
   On January 1, 2022, Beyond Oil Israel issued Tamir 234,704 restricted ordinary shares constituting 8% of Beyond Oil Israel's issued and outstanding share capital (the "**Shares**"). The Shares issued to the Trustee of Beyond Oil Israel's Option Plan and will be subject to the provisions of such plan and Section 102 of the Israeli tax ordinance in the "Capital Gains" Route.

   In addition, Tamir has been granted an option to purchase 60,346 ordinary shares of Beyond Oil Israel, with an exercise price of NIS 0.01. These options will vest according to the vesting schedule approved by Beyond Oil Israel's board. Following consummation of the Transaction, these options shall be exercisable for common shares of the company.

   Provided, however, that all unvested options shall cease to vest and shall automatically expire in the event that Tamir no longer serves as an employee to Beyond Oil Israel, for any reason. Once vested, the options may be exercised according to the conditions of the Option Plan.

   For additional information about the terminations agreement between the company and Tamir, please see note 20(2).

4) On April 1, 2022, the Company signed a service agreement with a company controlled 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.

NOTE 15 - Revenues:

During 2022 and 2021 the Group did not generate revenues.

On May 21, 2021, Beyond Oil Israel entered into a revised agreement with a distributor. According to the revised agreement, Beyond Oil Israel credited the distributor for the Euro 37,000 ($43,404) revenue recognized during 2019, and a new revenue mechanism was agreed between Beyond Oil Israel and the distributor.

NOTE 16 – Research and development expenses:

	For the year ended December 31,	
	2022	**2021**
Wages and salaries	$ 138,495	$ -
Vehicles expenses	45,482	-
Sub-Contractors*	294,875	302,676
Professional fees	80,130	95,564
Materials	77,807	46,326
Office maintenance, communication and others	47,882	4,156
Less- proceeds from Israel Innovation Authority**	-	(131,942)
	$ 684,671	$ 316,780

* Include related party expenses.

** In August 2019 and June 2020, Beyond Oil Israel received approval for 2 research and development agreements form the Israel Innovation Authority with a budget of NIS3,282,921 (approximately $1,021 thousand) for R&D expenditure and a grant for 60% of the actual expenses related to the programs in the amount of NIS1,969,753 (approximately $613 thousand). As of December 31, 2022, Beyond Oil Israel received the full amounts from the programs. The Israel Innovation Authority is not entitled to royalties and repayment of the proceeds. Beyond Oil Israel is obligated to manufacture only in Israel. In case Beyond Oil Israel decides to relocate out of Israel, Beyond Oil Israel will be required to repay all grant proceeds.

NOTE 17 - General and administrative expenses:

	For the year ended December 31,	
	2022	**2021**
Wages and salaries	$ 611,795	$ 460,980
Professional and legal fees	392,600	219,795
Share based compensation	343,630	383,896
Special termination expenses (see note 14 (1))	-	212,891
Depreciation	306,121	293,884
Public company expenses	70,469	-
Rent	22,741	19,767
Selling and Marketing expenses	-	12,097
Insurance	37,013	9,354
Office maintenance, communication, Travel, and Others	84,632	132,409
	$ 1,869,001	$ 1,745,073

NOTE 18 - Financial income and expenses:

Financial income

	For the year ended December 31, 2022	2021
Fair value adjustments of derivative liability	$ 126,669	$ -
Currency exchange	-	17,760
	$ 126,669	$ 17,760

Financial expenses

	For the year ended December 31, 2022	2021
Fair value adjustments of derivative liability – preferred shares	$ -	$ 335,725
Fair value adjustments of derivative liability	-	6,035
Fair value adjustments of royalties liability at fair value	348,803	-
Interest on lease liability	12,501	11,073
Currency exchange	82,403	-
Interest on loans from others	23,310	10,682
Interest and commission	6,715	3,699
	$ 473,732	$ 367,214

NOTE 19 - Changes in liabilities arising from financing activities:

Set forth below is a reconciliation of the changes in liabilities for which cash flows have been, or will be classified as financing activities in the statements of cash flows

		Lease liabilities		Derivative liability		Preferred shares liability
As of 31 December 2021,	**$**	**93,821**	**$**	**6,760**	**$**	**735,000**
Changes from financing cash flows:						
Issuance of shares		-		-		(735,000)
Payments of lease liabilities		(45,232)		-		-
Total changes from financing cash flows		48,589		6,760		-
Issuance of warrants		-		141,484		-
Exercise of warrants		-		(15,353)		-
New leases		140,009		-		-
Fair value adjustments		-		(126,669)		-
Interest expense		12,501		-		-
Interest paid		(12,501)		-		-
Effects of foreign exchange		(9,491)		(1,857)		-
As of December 31, 2022,	**$**	**179,107**	**$**	**4,365**	**$**	**-**

		Lease liabilities		Derivative liability		Preferred shares liability
As of 31 December 2020,	**$**	**110,103**	**$**	**725**	**$**	**399,275**
Changes from financing cash flows:						
Payments of lease liabilities		(21,878)		-		-
Total changes from financing cash flows		88,225		725		399,275
Fair value adjustments		-		6,035		335,725
Interest expense		11,073		-		-
Interest paid		(11,073)		-		-
Effects of foreign exchange		5,596		-		-
As of December 31, 2021,	**$**	**93,821**	**$**	**6,760**	**$**	**735,000**

NOTE 20 –Subsequent events:

1) On January 17, 2023, the Company announced the completion of a private placement offering consisting of 1,578,843 units (the "**January Units**") for gross proceeds of CAN$1,184,132.

   Each January Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a "**January Warrant**"). Each January Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C$1.00 until January 17, 2024.

   On March 1, 2023, the Company announced the completion of a private placement offering consisting of 1,600,000 units (the "**March Units**") for gross proceeds of CAN$1,200,000.

   Each March Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a "**March Warrant**"). Each March Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C$1.00 until March 1, 2024.

2) On February 14, 2023 Dr. Tamir Gedo resigned as the Chief Executive Officer of the Company and resigned from the board of directors of the Company (the "**Board**") remaining as a consultant to the Company. The Board appointed Jonathan Or as interim CEO. The company and Tamir has signed a retirement agreement (the "**Retirement Agreement**"). The Retirement Agreement include (i) Options – Tamir irrevocably waives all the options granted to him by the company. All the options that have vested and have not yet vested will be canceled and expired and will be returned to the company; (ii) Notice period for termination of the Employment Agreement – the notice period will be cancelled. Instead, Tamir and the Company agreed, that Tamir will be retained as an external consultant to the Company for four months commencing on January 1, 2023 and will receive a monthly payment of NIS 50,000 (approximately $14,894) for each month during this period; (iii) Future payment against debts – Tamir will be entitled for total NIS 505,000 (approximately $150,427), this amount will be paid to Tamir when the Company will reach to a net profit of 2 million Canadian dollars (approximately $1.48 million) in the annual financial statements approved by the Company's BOD.