Beyond Oil Ltd.

Consolidated Financial Statements
As of December 31, 2023
Expressed in U.S. dollars in thousands

Beyond Oil Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

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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, 2023, and December 31, 2022, 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 material accounting policy information.

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

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 1D to the financial statements. The Group incurred losses from operations since its inception, and as of December 31, 2023, the Group has an accumulated deficit of $24,024 thousand. In addition, the Group generated negative cash flows from operating activities of $2,537 thousand and a loss in the amount of $2,420 thousand for the year ended December 31, 2023, As stated in Note 1D, these events and conditions, along with other matters as set forth in Note 1D, 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 information 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.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 21, 2024

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

Beyond Oil Ltd.
Consolidated Statements of Financial Position
U.S. dollars in thousands

	Note		December 31, 2023		December 31, 2022
Assets					
Current					
Cash and cash equivalents		$	411	$	876
Restricted deposit			-		6
Account Receivables			*		-
Other accounts receivable	4		63		113
Inventory	5		384		-
Total current assets			**858**		**995**
Non-current					
Intangible asset, net	6		3,150		3,463
Lease asset, net	7		130		178
Property and equipment, net	8		134		155
Total non-current assets			**3,414**		**3,796**
Total assets		**$**	**4,272**	**$**	**4,791**
Liabilities					
Current liabilities					
Trade accounts payable		$	211	$	239
Other accounts payable	9		573		334
Related Party	15		187		392
Derivative liability – Warrants	10		*		4
Advanced payment			44		43
Royalties liability	1B		73		-
Total current liabilities			**1,088**		**1,012**
Non-current liabilities					
Royalties liability	1B		265		339
Lease liability	7		35		179
Total non-current liabilities			**300**		**518**
Shareholders' equity					
Share capital and premium	11		16,144		14,019
Reserve from share-based compensation transactions	12		9,359		9,325
Reserve from transaction with controlling shareholder	15		920		920
Foreign currency translation reserve			485		601
Accumulated deficit			(24,024)		(21,604)
Total Shareholders' equity			**2,884**		**3,261**
Total Liabilities and Shareholders' equity		**$**	**4,272**	**$**	**4,791**

* Represent amount less than 1 thousand.

Going Concern (Note 1D)

March 21, 2024	/S/ "Dan Itzhaki"	/S/ "Jonathan Or"
Date of approval of the financial statements	Chairman of the Board of Directors - Dan Itzhaki	CEO and Director - Jonathan Or

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

Beyond Oil Ltd.
Consolidated Statements of Comprehensive Loss
U.S. dollars in thousands

			Year ended December 31,		
	Note		**2023**		**2022**
Revenues	16	$	285	$	-
Cost of revenues	17		(200)		-
Gross profit			85		-
Operating expenses					
Research and development expenses	18		(642)		(690)
General and administrative expenses	19		(1,550)		(1,869)
Marketing expenses	20		(363)		(298)
Listing expenses	1B		-		(10,408)
Total operating expenses			(2,555)		(13,265)
Loss from operations			(2,470)		(13,265)
Finance income	21		70		127
Finance expenses	21		(20)		(474)
Net loss before tax			(2,420)		(13,612)
Income tax expenses	13		-		-
Net loss			(2,420)		(13,612)
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation adjustment to the presentation currency			(116)		(301)
Total comprehensive loss		$	(2,536)	$	(13,913)
Basic and Diluted loss per share			(0.05)		(0.34)
Weighted Average Number of Shares Outstanding			51,935,659		40,041,032

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

Beyond Oil Ltd.

Consolidated Statements of Changes in shareholders' Equity

U.S. dollars in thousands

	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, 2022		**$ 1,129**	**$ 7,588**	**$ 920**	**$ (7,992)**	**$ 902**	**$ 2,547**
Comprehensive loss for the year							
Net loss for the year		-	-	-	(13,612)	-	(13,612)
Other Comprehensive Income for the year		-	-	-	-	(301)	(301)
Total comprehensive loss for the year		-	-	-	(13,612)	(301)	(13,913)
Reverse Take Over	1	12,786	442	-	-	-	13,228
Exercise of warrants	10	104	-	-	-	-	104
Share-based compensation	12	-	1,295	-	-	-	1,295
Balance, December 31, 2022		**$ 14,019**	**$ 9,325**	**$ 920**	**$ (21,604)**	**$ 601**	**$ 3,261**
Comprehensive Loss for the year							
Net loss for the year		-	-	-	(2,420)	-	(2,420)
Other Comprehensive Loss for the year		-	-	-	-	(116)	(116)
Total comprehensive Loss for the year		-	-	-	(2,420)	(116)	(2,536)
Exercise of options	12(8)	15	(15)	-	-	-	-
Issuance of securities, net	11	2,110	-	-	-	-	2,110
Share-based compensation	12	-	49	-	-	-	49
Balance, December 31, 2023		**$ 16,144**	**$ 9,359**	**$ 920**	**$ (24,024)**	**$ 485**	**$ 2,884**

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

Beyond Oil Ltd.
Consolidated Statements of Cash Flows
U.S. dollars in thousands

	Note	Year ended December 31, 2023	2022
Cash flows from operating activities:			
Net loss for the year		$ (2,420)	$ (13,612)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		320	308
Fair value adjustments of derivative		(57)	(127)
Interest and Re-assessment of royalties liability		(8)	349
Listing expenses		-	9,195
Finance expense, net		(33)	68
Share based compensation		49	1,295
Changes in operations assets and liabilities:			
Change in inventory		(379)	-
Change in related party transactions		(27)	96
Change in other accounts receivables		45	(40)
Change in advanced payment		3	8
Changes in trade payables and other trade payables		(13)	100
Cash used in operations		(2,520)	(2,360)
Interest paid		(17)	(13)
Net cash used in operating activities		(2,537)	(2,373)
Cash flow from investing activities:			
Restricted deposits		5	382
Purchase of property and equipment		(16)	(57)
Net cash provided by (used in) investing activities		(11)	325
Cash flow from financing activities			
Cash received from reverse takeover (appendix A)	1B	-	3,298
Issuance of securities, net	11	2,163	-
Short term loan from others, net	1	-	(780)
Exercise of warrants	10	-	88
Payments of lease liabilities		(82)	(45)
Net cash provided by financing activities		2,081	2,561
Translation differences on cash and cash equivalents		2	(25)
Decrease in cash and cash equivalents		(467)	513
Cash and cash equivalents at the beginning of the year		876	388
Cash at the end of the year		$ 411	$ 876
Appendix A: Cash received from reverse takeover:			
Restricted deposit		$ -	$ 380
Other accounts receivable		-	19
Other trade payables and liability		-	(399)
Listing expenses		-	9,195
Issuance of shares and options		-	(12,493)
Cash received from reverse takeover		**$** -	**$** 3,298

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

NOTE 1- GENERAL:

A. The Company

Beyond Oil ltd (formerly, FTC Cards Inc.) (**The** "**Company**"), together with its wholly owned subsidiary (**the "Group")**, the Company was incorporated on March 9, 2012 under the laws of the Province of British Columbia Starting May 13, 2022 (the date of completing the transaction with Beyond Oil Israel), the Company started to trade on the Canadian Stock Exchange. The head office and the registered and records office of the Company is located at 1208 Rosewood Crescent, North Vancouver, BC V7P 1H4, Canada.

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 researching and developing the Product from concept for sale of a preferential adsorbent that extends the usable life of frying oil, improves product quality, and reduces frying oil costs.

B. 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.

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

NOTE 1- GENERAL (Continue):

(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.

On May 2, 2023, the Company held an Annual General and Special Meeting ("**AGM**") in which the Company's shareholders approved an extension to the performance date of each Milestone (with no change to the number of Contingent Rights issuable) to the following revised dates (the following (i)-(iv) ("**Revised Milestone**"):

(i) 4,882,101 Common Shares upon the Company obtaining an order for at least US$3 million from customers within thirty two (32) months of May 25, 2022 (the "**Closing Date**");

(ii) 4,882,101 Common Shares upon the Company achieving US$6 million in cumulative sales within 36 months of the Closing Date;

(iii) 4,882,101 Common Shares upon the Company achieving US$13 million in cumulative sales within 48 months of the Closing Date; and

(iv) 4,882,101 Common Shares upon the Company reaching positive EBITDA by the end of June 30, 2025, and such amount is confirmed by the unaudited financial statements for the period ended June 30, 2025; and to provide that upon an Exit Transaction, the right to receive additional Common Shares upon fulfilment of the Revised Milestones will either expire or alternatively will accelerate and be immediately issued (the alternative of which must be approved by a majority of the Subco Shareholders), prior to the closing of the Exit Transaction (the "**Exit Transaction Amendment**").

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 thousand and $210 thousand (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 thousand , 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 $339 thousand.

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.

C. Accounting for the Reverse Take Over

The Transaction has been accounted for as a reverse takeover ("**RTO**") and in accordance with IFRS 2, Share Based Payment. As a result of the Transaction, 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 did not qualify as a reverse acquisition under IFRS 3, Business Combinations ("**IFRS 3**"), as the Company did 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 $12,493 thousand 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 thousand, 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.

U.S. dollars in thousands

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
The fair value of FTC's ESOP options exchanged	443
The fair value of FTC's warrants exchanged	58
Total consideration	12,493
The fair value of net assets acquired	(3,298)
Excess of considerations over net assets acquired	$ 9,195

The Company had an additional $947 thousand 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 12) and $922 thousand 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.

D. Going concern:

As of December 31, 2023, the Company incurred losses from operations since its inception and as of December 31, 2023, the Company has an accumulated deficit of $24,024 thousand. In addition, the Company generated negative cash flows from operating activities of $2,537 thousand and a loss in the amount of $2,420 thousand for the year ended December 31, 2023. 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 events and conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The company's management plans to fund near term anticipated activities based on proceeds from capital fund raising and future revenues. For additional information regarding the completion of the second tranche of a private placement offering on January 25, 2024, please see note 23(1).

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.

On October 7, 2023, an attack was launched against state of Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter the "state of war") in Israel and in the Gaza strip. The Company is continuing with its operations both in Israel and globally. During the reporting period the changes to the Company's business due to the factors above while having certain effects on the Company's business, do not individually or in aggregate constitute a material adverse change. However, during and after the reporting period, mainly due to external and broader challenges affecting the Israeli economy, uncertainty and unavoidable delays in the Company's business activities exist. Since the state of war in Israel continues, the Company continuously evaluates the impact of such factors.

NOTE 2- 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- 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.

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- 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, 2023 and 2022, 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

NOTE 2- Accounting policies (continued):

liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

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.

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.

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 2023 and 2022, 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.

NOTE 2- Accounting policies (continued):

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 17.

l. inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Cost of inventories is determined as follows:

Raw materials - at cost of purchase using the "first-in, first-out" method.

Work in progress and finished goods - on the basis of average costs including materials, labor and other direct and indirect manufacturing costs based on normal capacity.

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.

The Company receives revenue from sell of products (as described in note 1). The Company has distributors in Israel, United Kingdom and United states.

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. 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- Accounting policies (continued):

p. 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.

NOTE 2- Accounting policies (continued):

q. 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.

r. 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:

s. Changes in accounting policies

1. New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements); These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Company but affect the disclosure of accounting policies of the Company.
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors); These amendments had no material effect on the consolidated financial statements of the Company.

2. New standards, interpretations and amendments not yet effective

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, 2023 that the Company has decided not to adopt early. The Company is currently assessing the impact of these new standards, interpretations and amendments. The Company does not believe that the standards, interpretations and amendments will have a material impact on the financial statements once adopted.

U.S. dollars in thousands

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, and expected life of share option. The fair value of the equity settled share-based payments granted is charged to statement of comprehensive loss on a straight-line basis over the vesting period of each tranche and the credit is taken to equity, based on the Company's estimate of shares that will eventually vest. Some of the share options plan have performance conditions in addition to continued service.

NOTE 4 – Other accounts receivables:

	December 31,	
	2023	2022
Government institutions	$ 63	$ 44
Prepaid expenses	-	49
Other receivables	-	20
	$ 63	$ 113

NOTE 5 – Inventory:

	December 31,	
	2023	2022

Raw materials	$	230	$	-
Finish goods		154		-
	$	384	$	-

NOTE 6 – Intangible asset:

		Intellectual property
Cost:		
As of January 1, 2022	$	**7,183**
Additions		-
Currency exchange		(835)
As of December 31, 2022		**6,348**
Additions		-
Currency exchange		(189)
As of December 31, 2023		**6,159**
Accumulated depreciation:		
As of January 1, 2022		**3,020**
Additions		227
Currency exchange		(362)
As of December 31, 2022		**2,885**
Additions		207
Currency exchange		(83)
As of December 31, 2023		**3,009**
Net Book Value:		
As of December 31, 2023	**$**	**3,150**
As of December 31, 2022	**$**	**3,463**

At the incorporation date of 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 15(1).

U.S. dollars in thousands

Beyond Oil Israel could not measure fairly the fair value of the asset when received, 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 five additional years. The annual lease commitment is approximately NIS48 thousand (approximately $13 thousand). 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. The annual lease commitment is approximately NIS78 thousand (approximately $21 thousand). 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 NIS235 thousand (approximately $64 thousand). The average incremental borrowing rate is 10.47%.

Lease liabilities	**Year ended December 31,**	
	2023	**2022**
Interest expense	$ 17	$ 13
Total cash outflow for leases	98	45

U.S. dollars in thousands

NOTE 8 – Property, Plant and Equipment, net:

	Vehicles	Machinery and office equipment	Furniture and office equipment	Leasehold improvements	Computers	Total
Cost:						
As of January 1, 2022	$ **18**	$ **6**	$ **101**	$ **72**	**31**	$ **228**
Additions	-	35	11	3	8	57
Currency exchange	(2)	(2)	(12)	(8)	(4)	(28)
As of December 31, 2022	**16**	**39**	**100**	**67**	**35**	**257**
Additions	5	-	7	-	4	16
Currency exchange	*	(1)	(4)	(2)	(2)	(9)
As of December 31, 2023	**21**	**38**	**103**	**65**	**37**	**264**
Accumulated depreciation:						
As of January 1, 2022	**5**	**-**	**29**	**16**	**26**	**76**
Additions	3	3	14	8	8	36
Currency exchange	(1)	(-)	(4)	(1)	(4)	(10)
As of December 31, 2022	**7**	**3**	**39**	**23**	**30**	**102**
Additions	3	6	12	8	3	32
Currency exchange	*	*	(1)	(1)	(2)	(4)
As of December 31, 2023	**10**	**9**	**50**	**30**	**31**	**130**
Net Book Value:						
As of December 31, 2023	$ **11**	$ **29**	$ **53**	$ **35**	$ **6**	$ **134**
As of December 31, 2022	$ **9**	$ **36**	$ **61**	$ **44**	$ **5**	$ **155**

* Represent amount less than 1 thousand.

U.S. dollars in thousands

NOTE 9 – Other accounts payable:

	December 31,			
		2023		2022
Employees	$	343	$	162
Lease liability – current maturity		94		-
Accrued expenses		136		172
	$	573	$	334

NOTE 10 - Derivative liability:

(i) A summary of changes in share purchase warrants issued by the Company during the years ended December 31, 2023, and 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, January 1, 2022	**31,694**	**6.31**
Cancelation of warrants (i)	(31,694)	-
Issuance of warrants (iii)	5,243,458	0.94
Exercise of warrants (iv)	(92,000)	0.96
Balance, December 31, 2022	**5,151,458**	**0.94**
Expiration of warrants	(226,801)	-
Issuance of warrants (ii)	2,002,183	0.74
Balance, December 31, 2023	**6,926,840**	**0.88**

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

(ii) For additional information on the completion of the private placements offering On January 17, 2023, March 1, 2023, and October 23, 2023, please see note 11.

(iii) On May 12, 2022, the Company issued to the former shareholders of Beyond Oil Israel 2,683,333 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN$1.18 for a period of 12 months expiring May 11, 2023 and 2,560,125 common share purchase warrants exercisable for one common share of the Company at an exercise price of CAN$1.25 for a period of 12 months. For additional information, please see special warrants on note 1B.
On May 3, 2023, the Company held the AGM in which a decision was approved by the Company shareholders to extend the Company's Consideration Warrants and Special Warrants Warrant Expiry Date by an additional 12 months to May 11, 2024. The expiry date of the Finder Warrants was not extended.

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

(v) For additional information on the completion of the private placements offering On January 25, 2024, please see note 23(1).

U.S. dollars in thousands

NOTE 10 - Derivative liability (continued):

B. The following table summarizes information about warrants outstanding as at December 31, 2023:

Date of issuance	Date of expiry	Exercise price	Exercisable at December 31, 2023
May 12, 2022	May 11, 2024	CAN$1.25	2,241,324
May 12, 2022	May 11, 2024	CAN$1.18	2,683,333
January 17, 2023	January 16, 2024	CAN$1.00	789,422
March 1, 2023	February 28, 2024	CAN$1.00	800,000
October 23, 2023	October 22, 2024	CAN$1.25	412,761

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 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:

Number of warrants	**789,422**		**800,000**	
	At Issuance Date January 17, 2023	**December 31, 2023**	**At Issuance Date March 1, 2023**	**December 31, 2023**
Share price	CAN$0.67	CAN$0.42	CAN$0.67	CAN$0.42
Expected life of warrants	1 year	0.05 year	1 year	0.17 year
Expected volatility	45%	45%	45%	45%
Risk-free interest rate	5.0%	4.66%	5.0%	4.66%

Number of warrants	**2,241,324**		**2,683,333**	
	Warrants Issued Pursuant to Concurrent Financing		Consideration Warrants	
	At Issuance Date May 12, 2022	**December 31, 2023**	**At Issuance Date May 12, 2022**	**December 31, 2023**
Share price	CAN$0.7183	CAN$0.42	CAN$0.7183	CAN$0.42
Expected life of warrants	1 year	0.36 year	1 year	0.36 year
Expected volatility	50%	45%	50%	45%
Risk-free interest rate	3.1%	4.66%	3.1 %	4.66%

U.S. dollars in thousands

NOTE 10 - Derivative liability (continued):

Number of warrants	**412,761**	
	At Issuance Date October 23, 2023	**December 31, 2023**
Share price	CAN$0.55	CAN$0.42
Expected life of warrants	1 year	0.81 year
Expected volatility	45%	45%
Risk-free interest rate	5.13%	4.66%

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.

U.S. dollars in thousands

NOTE 11 - 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 thousand, please see note 10.

	Number of shares			
	December 31, 2023		**December 31, 2022**	
	Authorized	**Issued and outstanding**	**Authorized**	**Issued and outstanding**
Common shares with no par value	*	53,025,542	*	48,913,006

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

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 10)	92,000
Balance as of December 31, 2022	**48,913,006**
Issued in private placements (a)(b)	4,004,365
Exercise of options (c)	108,171
Balance as of December 31, 2023	**53,025,542**

a) 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 proceed of CAN$1,184 thousand and for net proceeds (transaction costs) of CAN$1,113 thousand ($830 thousand). 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 16, 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 thousand ($881 thousand). In the private placement participate several key members of the Company; the Company's Chairman, invested $220 thousand; the Company CFO, invested $75 thousand; and an independent director, invested $125 thousand.
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 February 28, 2024.

NOTE 11 - Share Capital and Premium (continue):

b) On October 23, 2023, the Company announced the completion of the first tranche of a private placement offering consisting of 825,522 units (the **"October Units"**) for gross proceed of CAN$619 thousand and for net proceeds (transaction costs) of CAN$602 thousand ($450 thousand). Each October Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a **"October Warrant"**). Each October Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C$1.25 until October 22, 2024.
c) For additional information about exercise of 108,171 options, please see note 12(8).
d) For additional information about completion of a private placement offering after the reporting period, please see note 23(1).

NOTE 12 - Share-based compensation transactions:

1) On June 14, 2023, the Company issued to a certain director of the Company under the Omnibus Plan 200,000 options with each option exercisable at CAN$0.75 expiring on June 13, 2033. The vesting period of the options is 1/3 at the grant date, 1/3 after 12 months of the grant date, and 1/3 after 24 months of the grant date.
2) At the AGM shareholders of the Company approved an omnibus equity incentive plan (the "**Omnibus Plan**") which reserves up to 10% of the issued and outstanding Common Shares, on a rolling basis, for issuance pursuant to stock options, stock awards and/or restricted share units of the Corporation.
3) On May 23, 2023, the Company issued to a director, in accordance with the Omnibus Plan (i) 200,000 options with each option exercisable at CAN$0.75 expiring on May 2028 with vesting period of the options is 1/3 at the grant date, 1/3 after 12 months of the grant date, and 1/3 after 24 months of grant date and (ii) 650,000 Performance Vesting Options (the **"Performance Vesting Options"**) with each option exercisable at CAN$0.75 expiring on May 2028. The Performance Vesting Options shall vest according to the following vesting schedule: (i) 150,000 options upon the Company obtaining orders for an aggregate of at least US$3 million from customers within thirty-two months of the Closing Date ;(ii) 150,000 options upon the Company achieving US$6 million in cumulative sales within 36 months of the Closing Date; (iii) 100,000 options upon the Company achieving US$13 million in cumulative sales within 48 months of the Closing Date; (iv) 100,000 options upon the Company reaching positive EBITDA by the end of June 30, 2025, and such amount is confirmed by the unaudited financial statements for the period ended June 30, 2025; and (v) 150,000 options upon execution of a definitive customer agreement within 24 months of May 23, 2023.
4) For additional information of the fortified options of the Company former CEO, please see note 15(3).

5) On May 12, 2022, The Company also issued a total of 2,938,139 options to certain directors, officers, and service providers under the Company Option Plan with each option exercisable at CAN$0.75 until 2024. The vesting period of the options is 1/3 at the grant date, 1/3 after 12 months of the grant date, and 1/3 after 24 months of the grant date. For the Forfeited options of the Company former CEO, please see note 15.

6) On November 8, 2021, the Company granted 975,000 stock options to directors, officers, and consultants of the Company under the FTC Option Plan at an exercise price of CAN$0.50, expiring on November 8, 2031. The options will expire after 10 years of the date of the grant. The options are fully vested on the date of grant.

U.S. dollars in thousands

NOTE 12 - Share-based compensation transactions (Continue):

7) On June 24, 2021 Beyond Oil Israel adopted a Share Option Plan ("Plan") in accordance with Section 102 of the Israeli Income Tax Ordinances. Prior to the closing of the Transaction the Company's Board of Directors (the "**Board**") had adopted a 10% rolling stock option plan (the "FTC Option Plan"). Existing options Plan were exchanged for 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 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. For the Forfeited options of the Company former CEO, please see note 15(3). Also on the same date, Beyond Oil Israel granted 234,704 restricted shares (that been granted to the Company's former CEO) to purchase ordinary shares to the Beyond Oil Israel's employees and advisors under the Plan. The restricted share were exercised to ordinary share of Beyond Oil Israel shares on January 1, 2022.
8) On October 16, 2023 108,171 options were exercised to 108,171 common shares of the Company.
9) For additional information for grant of options, please see note 23(2) and note 23(3).

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

	December 31, 2023		December 31, 2022	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
		US$		
Options outstanding as the beginning of the period	**4,880,515**	**0.42**	**975,000**	**0.50**
Changes during the period:				
Granted (1)(2)(3)	1,050,000	0.57	3,905,515	0.56
Forfeited(4)	(1,996,779)	(0.43)	-	-
Exercise	(108,171)	(0.0004)	-	-
Options outstanding at end of period (*)	**3,825,565**	**0.46**	**4,880,515**	**0.55**
Options exercisable at period end	2,436,856		2,610,814	

(*) The options outstanding on December 31, 2023, had a weighted-average contractual life of 7.27 years (December 31, 2022: 9.09 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, 2023	December 31, 2022
Options Expenses	$ 49	$ 348

U.S. dollars in thousands

NOTE 12 - Share-based compensation transactions (continued):

The following table summarizes information about options outstanding at December 31, 2023:

Number of options	Date of expiry	Exercise price (CAN$)	Exercisable at December 31, 2023
376,437	June 24, 2031	0.0004	376,437
975,000	November 8, 2031	0.5	975,000
1,424,128	May 12, 2032	0.75	949,419
850,000	May 29, 2028	0.75	68,000
200,000	June 13, 2033	0.75	68,000

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

Number of options	200,000	850,000	1,424,128	975,000	376,437
	At Issuance Date June 14, 2023	**At Issuance Date May 31, 2023**	**At Issuance Date May 12, 2022**	**At Issuance Date May 12, 2022**	**At Issuance Date June 24, 2021**
Share price	CAN$0.72	CAN$0.63	CAN$0.7138	CAN$0.75	$1.206
Expected volatility	45%	45%	40%	69.13%	45%
Risk-free interest rate	3.61%-3.73%	3.65%-4.02%	2.75%	1.63%	0.8782%

The Company uses the Black-Scholes based structural model to estimate the fair value of the options at the grant date.

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 warrants expired on May 11, 2023.

The fair value of the shares and warrants at grant date is $947 thousand.

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

	December 31, 2023	**December 31, 2022**
Shares and warrants	$ -	$ 947

U.S. dollars in thousands

NOTE 12 - Share-based compensation transactions (continued):

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.

*Restricted shares**
*see 6) above.

	December 31, 2023		December 31, 2022	
	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
Changes during the period:				
Granted	-	-	-	-
Expired	-	-	-	-
Exercise	-	-	(234,704)	0.01
Restricted shares at end of period	-	-	-	-
Restricted shares exercisable at period end	-		-	

U.S. dollars in thousands

NOTE 13 - Income tax:

a. Tax rates: The corporate tax rate in Canada was 26.5% for 2023 and 2022 and the corporate tax rate in Israel was 23% for 2023 and 2022.

b. Net operating losses carry forward:

As of December 31, 2023, the company had approximately CAN$2.7 million in non-capital loss carry forward available to reduce taxable income for future years, which begin expiring in 2035.

As of December 31, 2023, Beyond Oil Israel had estimated carry forward tax losses of approximately $5.4 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,		**2023**		**2022**
Loss before income tax	$	(2,420)	$	(13,612)
Combined statutory tax rate – 25%		(562)		(4,240)
losses for which no deferred tax asset was recognized		562		4,240
Total income tax expense	**$**	**-**	**$**	**-**

U.S. dollars in thousands

NOTE 14 - Financial instruments and risk management:

The Company holds the following financial instruments:

Financial assets		**December 31, 2023**		**December 31, 2022**
Financial assets at amortized cost:				
Cash And cash equivalents	$	411	$	876
Restricted cash		-		6
Other accounts receivables		63		113
	$	**474**	**$**	**995**

Financial liabilities		**December 31, 2023**		**December 31, 2022**
Financial liabilities at amortized cost:				
Trade payables	$	211	$	239
Related Party		187		392
Royalties liability		338		339
Lease liability		129		179
		865		**1,149**
Financial liabilities at fair value:				
Derivative liability – Warrants		-*		4
	$	**-***	**$**	**4**

* Represent amount less than 1 thousand.

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:

U.S. dollars in thousands

NOTE 14- Financial instruments and risk management (continued):

	As of December 31, 2023				
Assets	**NIS**	**EURO**	**US dollar**	**CAN**	**Total**
Cash And cash equivalents	$ 6	$ -	$ 81	$ 324	$ 411
Other accounts receivables	45	-	-	18	63
Lease asset	130	-	-	-	130
	181	-	**81**	**342**	**604**
Liabilities					
Accounts payable	24	-	-	187	211
Related Party	187	-	-	-	187
Advanced payment	-	44	-	-	44
Royalties liability	-	-	338	-	338
Lease liability	129	-	-	-	129
	$ 340	**$ 44**	**$ 338**	**$ 187**	**$ 909**

	As of December 31, 2022				
Assets	**NIS**	**EURO**	**US dollar**	**CAN**	**Total**
Cash And cash equivalents	$ 497	$ -	$ 1	$ 378	$ 876
Restricted cash	6	-	-	-	6
Other accounts receivables	48	-	-	-	48
Lease asset	178	-	-	-	178
	729	-	**1**	**378**	**1,108**
Liabilities					
Accounts payable	35	-	-	204	239
Related Party	392	-	-	-	392
Advanced payment	-	43	-	-	43
Royalties liability	-	-	339	-	339
Lease liability	179	-	-	-	179
	$ 606	**$ 43**	**$ 339**	**$ 204**	**$ 1,192**

U.S. dollars in thousands

NOTE 14 - 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, 2023		December 31, 2022
Linked to EURO	$	(44)	$	(43)
		5%		5%
		(2)		(2)
Linked to USD		(257)		(338)
		5%		5%
	$	(13)	$	(17)
Linked to CAN		155		174
		5%		5%
	$	8	$	9

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 1D.

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, 2023:		**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	63	63	-	-	-	-	63
Lease Liability	(129)	(102)	(37)	-	-	-	(139)
Related Party	(187)	(187)	-	-	-	-	(187)
Royalties liability	(338)	(73)	(327)	-	-	-	(400)
Accounts payable and accrued liabilities	(691)	(691)	-	-	-	-	(691)
Total	**(1,282)**	**(990)**	**(364)**	-	-	-	**(1,354)**

U.S. dollars in thousands

NOTE 14 - Financial instruments and risk management (continued):

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	113	113	-	-	-	-	113
Lease Liability	(179)	(89)	(88)	(25)	-	-	(202)
Related Party	(392)	(392)	-	-	-	-	(392)
Royalties liability	(339)	(339)	-	-	-	-	(339)
Accounts payable and accrued liabilities	(573)	(573)	-	-	-	-	(573)
Total	**(1,370)**	**(1,280)**	**(88)**	**(25)**	-	-	**(1,393)**

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, 2023, 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, 2023

Item	**Fair value**	**Valuation technique**	**Fair value hierarchy level**	**Significant unobservable inputs**
Derivative liability	-*	Black-Scholes model	level 3	Volatility of firm's assets returns*

* Represent amount less than 1 thousand.

December 31, 2022

Item	**Fair value**	**Valuation technique**	**Fair value hierarchy level**	**Significant unobservable inputs**
Derivative liability	4	Black-Scholes model	level 3	Volatility of firm's assets returns

* A change in the volatility measure by +5% results in a change of + $1 of the fair value and a change in the volatility measure by -5% results in a change of - $- (less than 1 thousand) of the fair value.

U.S. dollars in thousands

NOTE 14 - 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, 2022	**$**	**7**	**$**	**735**
Expired		(6)		-
Issuance of shares (see note 1B)		-		(735)
Issuance of warrants		141		-
Exercise of warrants		(15)		-
Currency exchange		(2)		-
Foreign currency translation		-		-
Loss recognized in Profit or loss:		(121)		
Balance as of December 31, 2022		**4**		**-**
Expired		*		-
Issuance of warrants		53		-
Currency exchange		2		-
Foreign currency translation		(2)		-
Loss recognized in Profit or loss:		(57)		
Balance as of December 31, 2023	**$**	*****	**$**	**-**

* Represent amount less than 1 thousand.

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 $411 thousand (2022 – $876 thousand). For additional information about completing the second tranche of a private placement offering, please see Note 23(1).

U.S. dollars in thousands

NOTE 15 - Related Parties Transactions:

Related party transactions:

For the year ended December 31,	2023	2022
Compensation of key management personnel of the Company:		
Company President Management fees (see 1)	$ 202	$ 228
CEO Management fees (see 2)	194	90
Former CEO Management fees (see 3)	-	281
Vice President (see 4)	31	-
A company controlled by a director (see 5)	27	24
Other related party transactions:		
Share base payments	85	276
Purchase of raw materials (6)	211	-

Balance with related parties:

As of December 31,	2023	2022
Loan from related party	$ 187	$ 392
A company fully owned by the Company President	(16)	-
A company controlled by a director	7	6

1) Company President, Mr. Pinhas Or (Pinhas)

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 thousand (a "**Financing Event**"), Beyond Oil Israel agreed to pay Pinhas for the services: a one-time payment equal to NIS 25 thousand (approximately $7 thousand) 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 thousand (approximately $15 thousand) (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 15 - 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 thousand (approximately $15 thousand). 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 thousand (approximately $297 thousand) (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 "**IP Assignment Amendment**"). The 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 thousand. Also, it was agreed that the Proposed Transaction with FTC will not constitute an Exit Event.

Beyond Oil Israel granted Pinhas 60,575 options of Beyond Oil Israel to purchase shares with an exercise price of CAD$0.75 (the **"Options"**) subject to the approval of the Company's board. The Options 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 1B), these Options are exercisable to purchase common shares of the company, with the same terms.

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

On June 1, 2023 the Company announced the appointment of Pinhas as the Company President.

NOTE 15 - Related Parties Transactions (continued):

2) <u>CEO and a member of the Board of Directors, Mr. Jonathan Or (Jonathan) (Son of Pinhas)</u>
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 thousand (approximately $3 thousand) to be increased to NIS 25 thousand (approximately $7 thousand) (the "**Monthly Fee**") upon Beyond Oil Israel consummating a transaction or series of related transactions, in which Beyond Oil Israel raises an aggregate amount of at least US$ 1,000 thousand or a grant from the Israel Innovation Authority (a "**Financing Event**") and to be further increased to NIS 35 thousand upon a Financing Event raising US$ 2,000 thousand , 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 thousand (approximately $6 thousand).

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

Beyond Oil Israel granted Jonathan 60,575 options of 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 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.

On June 27, 2023 the Board appointed Jonathan Or as permanent CEO of the Company.

NOTE 15 - 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 was engaged on a part-time basis for a salary of NIS 50 thousand (approximately $15 thousand) and after the completion of the Transaction, Tamir was engaged on a full-time basis for a salary of NIS 60 thousand (approximately $18) until January 1, 2023 (see below) .

   Tamir was 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 thousand (one hundred million).

   The Tamir Employment Agreement was for a non-fixed period and could 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 was entitled to the standard social benefits and fringe benefits. The Tamir Employment Agreement included 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 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.

   On February 14, 2023 Dr. Tamir Gedo ("Tamir") resigned as the Chief Executive Officer of the Company and from the Board remaining as a consultant to the Company. The Board appointed Jonathan as interim CEO. The Company and Tamir signed a retirement agreement (the "Retirement Agreement"). The Retirement Agreement includes the following terms: (i) Options – Tamir irrevocably waives all the options granted to him by the Company, and all the options, whether vested or not, were forfeited and expired and returned to the stock option pool; (ii) Warrants - Tamir irrevocably waives all the all the warrants granted to him by the Company. The warrants will be distributed, according to the Company's discretion, pro rata to the other Israeli shareholders without Tamir; (iii) Contingent rights - Tamir irrevocably waives all the all the contingent rights granted to him by the Company. The contingent rights will be distributed, according to the Company's discretion,

U.S. dollars in thousands

NOTE 15 - Related Parties Transactions (continued):

pro rata to the other Israeli shareholders without Tamir; (iv) Notice period for termination of the Employment Agreement – the notice period was 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 NIS50 thousand (approximately $15 thousand) for each month during this period; (this term and obligations for payment have expired); (iii) Future payment against debts – Tamir will be entitled to a total NIS505 thousand (approximately $140 thousand), 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 Board.

4) On May 31, 2023 the Company announced the appointment of Mr. Robert Kiesman ("**Robert**") as the Company's Vice President. Robert will be entitled to CAN$6,000 per month and for the option package, as described on note 12(3).

5) 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 thousand per month, which fee will increase to CAN$4 thousand upon the Company completing an equity financing of at least CAN$10 million.
6) As per the terms of the IP Assignment Agreement, dated June 17, 2021 and entered into between the Company and Pinhas some of the Company's raw materials are acquired from a company fully owned by Pinhas.

NOTE 16 - Revenues:

Revenue by geographical segment	**For the year ended December 31,**	
	2023	**2022**
Israel	$ 247	$ -
United States	12	-
United Kingdom	26	-
	$ 285	$ -

During 2023 the Company signed some distribution agreements with distributors in Israel, USA and United Kingdom. During 2022 the Company did not generate revenues.

NOTE 17 – Cost of Revenues:

	For the year ended December 31,	
	2023	**2022**
Raw materials	$ 443	$ -
Sub-Contractors	117	-
Others	40	-
	$ 600	$ -
Change in inventory	(400)	-
	$ 200	$ -

U.S. dollars in thousands

NOTE 18 – Research and development expenses:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	$ 267	$ 189
Sub-Contractors*	267	295
Professional fees	20	80
Materials	28	78
Office maintenance, communication, and others	60	48
	$ 642	$ 690

* Include related party expenses.

NOTE 19 - General and administrative expenses:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	$ 548	$ 612
Professional and legal fees	401	463
Share based compensation	49	344
Depreciation	321	306
Rent	19	23
Insurance	62	37
Office maintenance, communication, Travel, and Others	150	84
	$ 1,550	$ 1,869

NOTE 20 – Marketing expenses:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	$ 79	$ 215
Sub-Contractors*	57	-
Marketing expenses	155	-
Materials	6	-
Flights	54	83
Others	12	-
	$ 363	$ 298

NOTE 21 - Financial income and expenses:

Financial income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Fair value adjustments of derivative liability	$ 57	$ 127
Fair value adjustments of royalties liability at fair value	8	-
Currency exchange	5	-
	$ 70	$ 127

U.S. dollars in thousands

NOTE 21 - Financial income and expenses (continued):

Financial expenses

	For the year ended December 31,	
	2023	**2022**
Fair value adjustments of royalties liability at fair value	-	349
Interest on lease liability	17	13
Currency exchange	-	82
Interest on loans from others	-	23
Interest and commission	3	7
	$ 20	$ 474

NOTE 22 - 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 2022,	**$ 179**	**$ 4**	**$ -**
Changes from financing cash flows:			
Issuance of shares	-	-	-
Payments of lease liabilities	(82)	-	-
Total changes from financing cash flows	97	4	-
Issuance of warrants	-	53	-
Exercise of warrants	-	-	-
New leases	30	-	-
Fair value adjustments	-	(57)	-
Interest expense	17	-	-
Interest paid	(17)	-	-
Effects of foreign exchange	2	-*	-
As of December 31, 2023,	**$ 129**	**$ -***	**$ -**

	Lease liabilities	Derivative liability	Preferred shares liability
As of 31 December 2021,	**$ 94**	**$ 7**	**$ 735**
Changes from financing cash flows:			
Issuance of shares	-	-	(735)
Payments of lease liabilities	(45)	-	-
Total changes from financing cash flows	49	7	-
Issuance of warrants	-	141	-
Exercise of warrants	-	(15)	-
New leases	140	-	-
Fair value adjustments	-	(127)	-
Interest expense	13	-	-
Interest paid	(13)	-	-
Effects of foreign exchange	(10)	(2)	-
As of December 31, 2022,	**$ 179**	**$ 4**	**$ -**

* represent less than 1 thousand.

NOTE 23–Subsequent events:

1) On January 25, 2024, the Company announced the completion of the second tranche of a private placement offering consisting of 2,688,668 units (the **2024 January Units"**) for gross proceed of CAN$2,016 thousand and for net proceeds (transaction costs) of CAN$1,918 thousand ($1,419 thousand). Each 2024 January Unit consists of one Common Share and one-half of one Common Share purchase warrant (each full such warrant, a **"2024 January Warrant"**). Each 2024 January Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of C$1.25 until January 24, 2025.

2) On January 24, 2024, The Company issued a total of 100,000 options to certain advisor under the Company Option Plan with each option exercisable at CAN$0.75 until 2026. The vesting period of the options is 1/3 at the grant date, 1/3 after 12 months of the grant date, and 1/3 after 24 months of the grant date.

3) On January 24, 2024, The Company issued a total of 23,294 options to certain directors under the Company Option Plan with each option exercisable at CAN$0.75 until 2034. The options are vested immediately.

4) On January 24, 2024, the Company issued to a service provider, in accordance with the Omnibus Plan (i) 250,000 options with each option exercisable at CAN$0.75 expiring on July 2025, with vesting date of 100,000 immediately, 75,000 options after 12 months of the grant date and 75,000 options 24 months of the grant date and (ii) 750,000 Performance Vesting Options (the **"Performance Vesting Options"**) with an exercise price which shall be the greater of: (i) the closing trading price of the common shares of the Company, as quoted on the Canadian Securities Exchange on the Grant Date; and (ii) C$0.75 per common share. The Performance Vesting Options shall vest according to the following vesting schedule: (i) 200,000 options upon the Company entering into a distribution agreement; (ii) 125,000 options upon the Company recognizing US$1,000,000 in actual revenue from commercial agreement(s) with distributor(s) and/or food-chain(s), with the direct involvement of the Service Provider; (iii) 125,000 options upon the Company recognizing US$1,000,000 in actual revenue from commercial agreement,(s) with industrial frying company(ies), with the direct involvement of the Service Provider; (iv)100,000 options upon the Company obtaining orders of at least US$3,000,000 from customers within 32 months of May 25, 2022; (v) 75,000 options upon the Company achieving US$6 million in cumulative sales within 36 months of the RTO Closing Date; (vi) 75,000 options upon the Company achieving at least US$13,000,000 in cumulative sales within 48 months of the RTO Closing Date; (vii) 50,000 options upon the Company reaching positive EBITDA by June 30, 2025 and such amount is confirmed by unaudited financial statements for the period ended June 30, 2025.