G2 Technologies Corp.

(Formerly Green 2 Blue Energy Corp.)

Consolidated Financial Statements

Year Ended – June 30, 2021 and 2020

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.)

Opinion

We have audited the consolidated financial statements of G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL.

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

October 28, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		**June 30, 2021**		June 30, 2020
ASSETS					
Current					
Cash		**$**	**159,077**	$	3,503
Prepaid and other receivables			**97,349**		41,604
Lease receivables			**1,843**		20,889
			258,269		65,996
Lease receivables – non current			**-**		1,843
TOTAL ASSETS		**$**	**258,269**	$	67,839
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts Payable & Accrued Liabilities		**$**	**171,309**	$	230,886
Loans payable	5		**-**		20,500
Due to related parties	6		**13,845**		545,726
Lease liability			**1,843**		20,889
			186,997		817,981
Convertible debenture	8		**-**		326,272
Loans payable – non current	5		**31,527**		28,661
Lease liability – non current			**-**		1,843
TOTAL LIABILITIES			**218,524**		1,174,757
Shareholders' Equity (Deficit)					
Share Capital	7		**12,298,829**		10,366,636
Other reserves	7		**1,821,067**		1,737,248
Deficit			**(14,080,151)**		(13,210,802)
			39,745		(1,106,918)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		**$**	**258,269**	$	67,839

Going concern (Note 1)
Commitments (Notes 10)
Contingencies (Note 13)
Subsequent events (Note 15)

Approved and authorized for issuance by the Board of Directors on October 28, 2021:

/s/ "Slawomir Smulewicz" — Slawomir Smulewicz, Director

/s/ "John Costigan" — John Costigan, Director

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Year ended June 30, 2021	June 30, 2020
REVENUES		**$ -**	$ 569,983
COST OF SALES		**-**	(513,478)
GROSS PROFIT		**-**	56,505
OPERATING EXPENSES			
Consulting and management fees	**6**	**(505,373)**	(405,476)
Corporate development fees		**(37,374)**	-
Depreciation		**-**	(160,240)
Foreign exchange gain (loss)		**2,025**	(9,083)
General and administrative		**(119,858)**	(567,210)
Professional fees		**(286,021)**	(119,775)
Travel		**(1,516)**	(8,605)
Stock based compensation	**7**	**(83,819)**	-
Wage and benefits		**-**	(8,197)
TOTAL OPERATING EXPENSES		**(1,031,936)**	(1,278,586)
NET LOSS BEFORE OTHER (EXPENSES) INCOME		**(1,031,936)**	(1,222,081)
OTHER (EXPENSES) INCOME			
GST receivable recovery			(121,928)
Other expense		**-**	(30,961)
Gain on disposition of subsidiary	**2**	**-**	657,236
Finance expenses	**5, 8**	**(27,006)**	(23,381)
(Loss) gain from settlement of liabilities	**7**	**189,593**	-
TOTAL OTHER INCOME		**162,587**	480,966
NET LOSS AFTER OTHER INCOME		**(869,349)**	(741,115)
Cumulative translation adjustment		**-**	(191,042)
Reclassification adjustment on disposition of subsidiaries		**-**	208,917
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**(869,349)**	(723,240)
NET LOSS ATTRIBUABLE TO:			
Shareholder of G2 Technologies Corp.		**(869,349)**	(741,115)
Non-controlling interest		**-**	-
		(869,349)	(741,115)
OTHER COMPREHENSIVE (LOSS) INCOME ATTRIBUABLE TO:			
Shareholder of G2 Technologies Corp.		**-**	21,721
Non-controlling interest		**-**	(3,846)
		-	17,875
Loss Per Share - Basic and Diluted		**$ (0.07)**	$ (0.20)
Weighted average number of shares outstanding – Basic and Diluted		**12,655,634**	5,003,355

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Issued Common Shares										
	Number	Amount Received	Share-based Payment Reserves	Warrant Reserves	Convertible Debt Reserves	AOCI	Subscription Subscribed	Deficit	Total Shareholders' Deficit for Owners	NCI	Total Shareholders' Deficit
		$	$	$	$	$	$	$	$	$	$
BALANCE, JUNE 30, 2020	**5,029,016**	**10,366,636**	**1,378,803**	**322,770**	**35,675**	**-** -	**-**	**(13,210,802)**	**(1,106,918)**	**-**	**(1,106,918)**
Shares for debt – accounts payables (note 7)	283,037	56,602	-	-	-	-	-	-	56,602	-	56,602
Shares for debt – loan payable (note 7)	275,430	51,118	-	-	-	-	-	-	51,118	-	51,118
Shares for debt – convertible debenture (note 7,8)	905,652	271,696	-	-	-	-	-	-	271,696	-	271,696
Share issuance – private placement (note 7)	16,633,000	1,527,777	-	-	-	-	-	-	1,527,777	-	1,527,777
Share issuance – private placement (note 7)	250,000	25,000	-	-	-	-	-	-	25,000	-	25,000
Stock based compensation (note 7)	-	-	83,819	-	-	-	-	-	83,819	-	83,819
Net loss for the year	-	-	-	-	-	-	-	(869,349)	(869,349)	-	(869,349)
BALANCE, JUNE 30, 2021	**23,376,135**	**12,298,829**	**1,462,622**	**322,770**	**35,675**	**-**	**-**	**(14,080,151)**	**39,745**	**-**	**39,745**
BALANCE, JUNE 30, 2019	**4,603,278**	**10,111,193**	**1,378,803**	**152,475**	**34,591**	**(21,721)**	**425,738**	**(12,469,687)**	**(388,608)**	**3,846**	**(384,762)**
Share issuance (note 4)	425,738	255,443	-	170,295	-	-	(425,738)	-	-	-	-
Disposition of subsidiaries	-	-	-	-	-	212,763	-	-	212,763	(3,846)	208,917
Convertible debenture issuance	-	-	-	-	1,084	-	-	-	1,084	-	1,084
Cumulative translation adjustment	-	-	-	-	-	(191,042)	-	-	(191,042)	-	(191,042)
Net loss for the year	-	-	-	-	-	-	-	(741,115)	(741,115)	-	(741,115))
BALANCE, JUNE 30, 2020	**5,029,016**	**10,366,636**	**1,378,803**	**322,770**	**35,675**	**-**	**-**	**(13,210,802)**	**(1,106,918)**	**-**	**(1,106,918)**

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

G2 TECHNOLOGIES CORP. (FORMERLY GREEN 2 BLUE ENERGY CORP.)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended	
	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**$ (869,349)**	$ (741,115)
Items not Affecting Cash:		
Depreciation	**-**	184,220
Finance cost	**27,006**	23,381
GST receivable impairment	**-**	121,928
Gain on disposition of lease	**-**	(657,236)
Stock based compensation	**83,819**	-
Gain from settlement of liabilities	**(189,593)**	-
	(948,117)	(1,068,822)
Changes in Non-Cash Working Capital Items:		
Prepaid and other receivables	**(55,745)**	(38,094)
Inventory	**-**	125,670
Accounts payables and accruals	**(141,180)**	93,373
Advances	**-**	(38,200)
Due from related parties	**(201,883)**	306,437
Net Cash Used In Operating Activities	**(1,346,925)**	(619,636)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment	**-**	(6,972)
Cash deconsolidated from disposition of subsidiaries	**-**	(3,773)
Net Cash Used In Investing Activities	**-**	(10,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	**-**	(55,215)
Proceeds from private placement, net of share issuance cost	**1,527,777**	-
Proceeds from convertible debenture	**-**	10,000
Loan repayment	**(123,278)**	(209,917)
Proceeds from loan payable	**98,000**	868,441
Net Cash Flow From Financing Activities	**1,502,499**	613,309
Effects of exchange rate changes on cash	**-**	14,401
Change in Cash During the Year	**155,574**	(2,671)
Cash, Beginning of Year	**3,503**	6,174
Cash, End of Year	**$ 159,077**	$ 3,503

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

1. Corporate Information

G2 Technologies Corp. (formerly Green 2 Blue Energy Corp.) (the "Company" or "GTOO") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act.

On January 16, 2017, the Company entered into a Share Exchange Agreement with G2BE Canada Inc. ("G2BEC"), a private British Columbia company incorporated on May 30, 2014 resulting in a reverse-takeover transaction whereby the Company acquired all of the issued and outstanding common shares in the capital of GTOO (the "Transaction").

Up until the disposition of all operating subsidiaries on March 31, 2020 (Note 2(a)), the Company was in the business of manufacturing, marketing, and distributing softwood pellets for consumer and industrial customers and arranging transactions between buyers and sellers of alternative energy products.

Since March 31, 2020, the Company has effectively been a shell company with no operations and is currently looking for other ventures to build value for its shareholders.

On October 25, 2020, the Company changed its name from Green 2 Blue Energy Corp. to G2 Technologies Corp. and change its ticker symbol to "GTOO".

The Company's registered office is located at 1105 -808 Nelson Street, Vancouver BC.

Corporate development initiatives

On August 24, 2021, the Company announces it has completed limited due diligence and on August 23, 2021 the Company signed a Purchase and Sales Agreement with TriVista Oil Co. LLC, a corporation based in Texas to acquire certain operated producing properties in the Serbin Field in Texas. See note 15 for details.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2021, the Company had a negative cash flow from operations, had an accumulated deficit of $14,080,151 (June 30, 2020 - $13,210,802). Furthermore, the Company incurred a net loss of $869,349 during the year ended June 30, 2021 (2020 - $741,115). Management believes that the proceeds from additional equity and debt financing activities that it is currently pursuing would provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. However, there can be no assurances that sufficient equity or debt can be raised on a timely basis or on terms that are acceptable to the Company. These factors indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

Covid-19

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time the extent of the impact the COVID-19 outbreak may have on the Company is still unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. COVID-19 has had the effect of delaying transactions and equity financings that the Company is pursuing.

(Expressed in Canadian dollars)

2. Basis of Presentation

(a) Statement of Compliance and Principles of Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented.

The consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2021.

On January 5, 2021, the Company completed a 20:1 consolidation of the common shares of the Company. All the share data in these consolidated financial statements are presented on a post-consolidated basis as if it had occurred at July 1, 2019.

The consolidated financial statements include the accounts and results of operations of the Company and its wholly owned subsidiaries listed in the following table:

Name of Subsidiary	Place of Incorporation	June 30, 2021 Ownership Interest	June 30, 2020 Ownership Interest
G2BE Canada Inc. ("G2BEC")	Canada	N/A	N/A – sold (ii)
G2BE Europe Limited ("G2BEEL")	Malta	N/A	N/A – sold (ii)
G2BE Poland Sp. z o.o. ("G2BEPL")	Poland	N/A	N/A – sold (ii)
G2BE Production Sp. z o.o. ("G2BEP")	Poland	N/A	N/A – sold (ii)
G2BE Zaklad 2 Sp. z. o. o. (G2BZ2")	Poland	N/A	N/A – sold (i)
G2BE Sino Limited ("G2BESL")	Hong Kong	N/A	N/A dissolved October 9, 2020
Arsenal Health Sciences Inc. ("Arsenal")	Canada	N/A – sold (iii)	Incorporated on June 16, 2020. 100% owned by GTOO– inactive

All intercompany balances and transactions have been eliminated on consolidation.

During the year ended June 30, 2020, the Company disposed of five of its subsidiaries as noted above for $Nil consideration, resulting in the following assets and liabilities being deconsolidated as of the disposition dates:

	Disposition on March 31, 2020 (ii)	**Disposition on November 29, 2019 (i)**	**TOTAL**
Cash and cash equivalents	(1,541)	(2,232)	(3,773)
Accounts receivable and prepaid expenses	(264,799)	(678)	(265,477)
Inventory	(49,491)	-	(49,491)
Prepaid Expense	(29,715)	(50,682)	(80,397)
PPE	(1,061,082)	-	(1,061,082)
Right of use asset	-	(133,013)	(133,013)
Accounts payable and accrued liabilities	1,085,904	107,750	1,193,654
Loan payable	712,492	52,878	765,370
Lease liability	366,200	134,558	500,758
AOCI	(212,365)	(398)	(212,763)
NCI	-	3,846	3,846
GAIN ON DISPOSITION	**545,206**	**112,030**	**657,236**

i) On November 29, 2019, the Company transferred its ownership in the shares of G2BZ2 to an arm's length British Columbia private company due to its inability to provide financing for the repayment of its liabilities. Accordingly, as of November 29, 2019 the subsidiary was deconsolidated.

ii) On February 19, 2020, a loan ("Default Loan") in G2BEEL was in default due to the cease trade order at the Company. On March 31, 2020, the Company entered into a Settlement Agreement ("Settlement Agreement") to settle the Default Loan of approximately $301,594 in G2BEEL. Pursuant to the Settlement Agreement, the Company transferred the shares the Company held in G2BEEL, G2BEPL, G2BEC, G2BEP to the lender. Accordingly, as of March 31, 2020 these subsidiaries were deconsolidated.

iii) On November 20, 2020, as part of the shares issuance to settle $94,300 of amount owed to ECMB Capital Partners Inc. ("ECMB"), Arsenal's (an inactive corporation) ownership was also transferred to ECMB. See note 6 and 7 for details.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, except where otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Arsenal, G2BEC, G2BEEL and G2BESL is Canadian dollars and G2BEP, G2BZ2 and G2BEPL 's functional currency is Polish zloty ("PLN$").

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation and judgment include the collectability of other receivables, useful life and recoverability of long-lived assets, measurement of provisions, fair value of share-based payments, application of the going concern assumption, and deferred income tax asset valuation allowances.

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its operations. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized cost is written off in the consolidated statement of comprehensive loss.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt about the Company's ability to continue as a going concern.

3. New Accounting Pronouncements

As at June 30, 2021, there were no new accounting pronouncements that were relevant and would result a material impact to the consolidated financial statements.

4. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value, to be cash equivalents.

(b) Accounts Receivable

Accounts receivable is comprised of amounts due from customers for purchases of the Company's products and is recorded net of allowance for doubtful accounts. Factors such as current economic conditions, historical information, and reasons for any accounts being past due are all considered when determining whether to write off accounts receivable balances. The Company had no accounts receivable from customers as at June 30, 2021 or June 30, 2020.

(c) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(d) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to operating expenses as incurred. As at June 30, 2021 and June 30, 2020, the Company had no property and equipment.

(e) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life;

- an intangible asset not yet available for use; and

- goodwill acquired in a business combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

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

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

Financial assets/liabilities	Classification under IFRS 9
Cash	FVTPL
Other Receivables	Amortized cost
Accounts payable	Amortized cost
Loans payable	Amortized cost
Convertible debenture	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

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

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

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

Financial liabilities

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

Gains and losses on derecognition are generally recognized in profit or loss.

(g) Revenue

The following is the Company's accounting policy for revenue from contracts with customers under IFRS 15:

The Company derives revenues from the sales of softwood pallets. There are no services contracts attached to the sale of softwood pallets. All products are sold on standalone basis.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue from the sale of softwood pallets is recognized when the products are shipped out from the Company's inventory yard, when all significant contractual obligations have been satisfied, the customer has full discretion over the channel and price to distribute the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Once products are shipped to the Company's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(h) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. As at June 30, 2021, the Company has 17,483,000 (2020 – 12,072,380) potentially dilutive shares outstanding.

(i) Other Comprehensive Income (Loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. For the years ended June 30, 2021 and 2020, other comprehensive income (loss) consists of foreign currency translation gains and losses.

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(k) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

(l) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Government grants

Loans received from government are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received, is being recorded as finance income, in the consolidated statements of comprehensive loss.

5. Loans Payable

a) On April 29, 2020, the Company was approved and received a $40,000 line of credit (“CEBA LOC”) with CIBC under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing and can be repaid at any time without penalty.

On January 1, 2021, the outstanding balance of the CEBA LOC will automatically convert to a 2-year interest free term loan ("CEBA Term Loan"). The CEBA Term Loan may be repaid at any time without notice or the payment of any penalty. If 75% of the CEBA Term Loan, at the CEBA Term Loan Commencement Date, is repaid on or before December 31, 2022, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven. If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining.

(Expressed in Canadian dollars)

The Company recorded the fair value of $28,190 at the initial recognition date of the CEBA LOC using an effective interest rate of 10% per annum. The difference of $11,810 between the fair value and the total amount of CEBA LOC received has been recorded as a government grant in finance income.

		Total
Balance, as at June 30, 2019	**$**	**-**
Principal issued		40,000
Difference between fair value and carrying value		(11,810)
Accretion expense		471
Balance, as at June 30, 2020	**$**	**28,661**
Accretion expense		2,866
Balance, as at June 30, 2021	**$**	**31,527**

b) On March 22, 2020, the Company closed on an unsecured loan payable (which bears interest at 10% per annum) of up to $100,000, with an unrelated third party. The loan is due on October 31, 2020.

		Total
Balance, as at June 30, 2019	**$**	**-**
Principal issued		20,000
Interest expense		500
Balance, as at June 30, 2020	**$**	**20,500**
Principal issued – cash		98,000
Principal issued – expense paid on behalf of Company[1]		110,172
Principal settled – shares for debt		(110,172)
Interest expense		4,778
Principal settled – cash repayment		(123,278)
Balance, as at June 30, 2021	**$**	**-**

[1] On December 11, 2020, the Company issued 275,430 common shares (note 7) to settle a principal of $110,172. The fair value of the common shares was $51,118, resulting a gain in settlement of $59,054.

6. Related Party Transactions

a) As at June 30, 2021, the Company owed $235 (June 30, 2020 - $482,375) to the President of the Company and a company, Blue Amber Enterprise Ltd. ("Blue Amber"), controlled by the President of the Company. During the year ended June 30, 2021, Blue Amber assigned $330,000 of its balanced owed to a 3rd party. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

b) As at June 30, 2021, the Company owed $3,150 (June 30, 2020 - $63,351) to a Director of the parent Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

c) During the year ended June 30, 2021, the Company recorded management fees of $321,731 (2020 - $307,124) to the President of the Company and a company (Blue Amber Enterprise Ltd.) controlled by the President of the Company.

d) During the year ended June 30, 2021, the Company recorded consulting fees of $138,000 (2020 - $5,000) to a company (Samina Capital Ltd.) controlled by the Chief Financial Officer of the Company of which $18,000 related to the period before the Chief Financial Officer was appointed.

e) During the year ended June 30, 2021, the Company recorded directors fees of $8,000 (2020 - $48,000) to a Director of the Company.

f) As at June 30, 2021, the Company owed $13,845 (2020 - $545,726) to various related parties.

g) On November 20, 2020, the Company settled $94,300 of amount owed through share issuance (see note 7) with ECMB, a corporation with a director in common.

h.) Blue Amber, controlled by the President of the Company participated in the non-brokered private placements that was completed on February 3, 2021 (note 7) in which Blue Amber subscribed to 1,500,000 Units at $0.10 per Unit.

7. Share Capital

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. The Company has not issued any preferred shares since inception.

Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2021, there was a total of 23,376,135 common shares outstanding (June 30, 2020 – 5,029,016).

Issued during the year ended June 30, 2021:

i) On January 5, 2021, the Company completed a 20 to 1 shares consolidation. All shares data has been updated to reflect the share consolidation from the beginning of the earliest period presented.

ii) On February 3, 2021:

a) The Company completed a non-brokered private placement financing issuing an aggregate of 16,633,000 Units ("Unit") at a price of $0.10 per Unit, for gross proceeds of $1,663,300. Each Unit consists of 1 common share and 1 share purchase warrant (exercise price of $0.15, expire on February 3, 2023). Total finder's fee and transactional cost were $135,523.

b) In conjunction with the private placement, the Company also issued 250,000 Units to settle $25,000 of accounts payables, no gain or loss on settlement was recognized.

c) Based on the fair value of the common shares at issuance, the residual value of $nil was allocated to the valuation of warrants.

iii) On December 11, 2020, the Company issued common shares to settle the following liabilities:

a) 275,430 common shares to settle a loan payable principal of $110,172 (note 4(b)). The fair value of the was common shares was $51,118, resulting a gain in settlement of $59,054.

b) 283,037 common shares to settle accounts payables of $113,207. The fair value of the common shares was $56,602, resulting a gain in settlement of $56,602.

c) 905,652 common shares to settle the total carrying value of the convertible debenture of $345,632 (note 8(c)). The fair value of the common shares was $271,696, resulting a gain in settlement of $73,937.

During the year ended June 30, 2021, the Company recorded a total of $189,593 gain from settlement of liabilities through issuance of shares.

Issued during the year ended June 30, 2020:

On July 25, 2019 the Company issued 425,738 Units at a price of $1.00 per Unit for total gross proceeds of $255,443. These proceeds were received in the prior fiscal year. Each Unit consists of one common share of the Company (a "Share") and one-half (1/2) of one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $2.00 per share with an expiry date of January 23, 2021. Based on the fair value of the common shares on issuance, the residual value of $170,295 was allocated to the valuation of the warrants.

Escrow Shares

On the closing of the Transaction (Note 1), 1,576,030 common shares (the "Escrow Shares") were held in escrow pursuant to a share exchange agreement. The Escrow Shares are to be released as follows: Ten (10%) percent of the Escrow Shares are to be released upon the date of listing on the Exchange and an additional 15% are to be released every 6 months thereafter until all Escrow Shares have been released (36 months following the date of listing on the Exchange). As at June 30, 2021, there were nil (June 30, 2020 – 237,118) common shares held in escrow.

(Expressed in Canadian dollars)

Stock Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each stock option may be no less than the greater of $0.10 per share and the closing market price of the Company's shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the stock exchange on which the shares are traded, as calculated on the date of grant.

On May 5, 2021, the Company granted incentive stock options to purchase an aggregate amount of 600,000 common shares (all vest upon issuance) at an exercise price of $0.15 per share (expires on May 5, 2026) to certain directors, officers and consultants in accordance with the provisions of its rolling incentive stock option plan. The grant of incentive stock options is subject to the policies of and acceptance by the Canadian Securities Exchange.

The total fair of these options at grant date was $83,819, determined using a Black Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.91%, expected life of 5 years, expected volatility of 275%, and a dividend yield of 0%.

The following table summarizes the changes during the year ended June 30, 2021:

	June 30, 2021		June 30, 2020	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding – beginning of year	390,750	2.80	390,750	2.80
Cancelled	(390,750)	2.80	-	-
Granted	600,000	0.15	-	-
Outstanding – end of year	600,000	0.15	390,750	2.80
Exercisable – end of year	600,000	0.15	390,750	2.80

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2021

Exercise Price	Expiry Date	Number of Options Outstanding and Exercisable	Number of Options Exercisable	Remaining Contracted Life (Years)
$ 0.15	May 5, 2026	600,000	600,000	4.85
		600,000	600,000	4.85 *

(Expressed in Canadian dollars)

The following table summarizes information about stock options outstanding and exercisable as at June 30, 2020

Exercise Price	Expiry Date	Number of Options Outstanding and Exercisable	Number of Options Exercisable	Remaining Contracted Life (Years)
$ 2.00	November 21, 2022	55,000	55,000	2.14
$ 3.00	January 25, 2023	95,750	95,750	2.32
$ 3.00	June 13, 2023	150,000	150,000	2.70
$ 3.00	June 19, 2023	20,000	20,000	2.72
$ 3.00	July 10, 2023	50,000	50,000	2.78
$ 2.00	November 26, 2023	20,000	20,000	3.16
		390,750	390,750	2.56 *

*weighted average remaining contracted life

The weighted average fair value of the options granted during the year ended June 30, 2021, was $0.14 (2020 - $nil).

During the year ended June 30, 2021, the Company recognized share-based compensation expense of $83,819 (2020 - $nil) in share-based payment reserve.

Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2019	1,561,608	$ 6.00
Issued	212,869	$2.00
Expired	(1,561,608)	$6.00
Balance, June 30, 2020	212,869	$2.00
Issued	16,883,000	$0.15
Expired	(212,869)	$2.00
Balance June 30, 2021	16,883,000	$0.15

212,869 share purchase warrants expired on January 23, 2021. The average remaining life of the outstanding warrants as at June 30, 2021 was 1.6 years.

(Expressed in Canadian dollars)

8. Convertible Debentures

Below is a summary of the Company's convertible debentures:

	Convertible Debenture A (a)	Convertible Debenture B (b)	**Total**
Balance, as at June 30, 2019	**$ 275,579**	**$ -**	**$ 275,579**
Principal issued	-	10,000	10,000
Conversion option (equity component)	-	(1,084)	(1,084)
Accretion expense	10,227	316	10,543
Interest accrued	30,300	934	31,234
Balance, as at June 30, 2020	**$ 316,106**	**$ 10,166**	**$ 326,272**
Accretion expense	5,241	171	5,412
Interest accrued	13,502	446	13,948
Shares for debenture (c)	(334,849)	(10,783)	(345,632)
Balance, as at June 30, 2021	**$ -**	**$ -**	**$ -**

The convertible debentures were accounted for as having a financial liability and an equity instrument component. The financial liability, which represents the obligation to pay coupon interest and principal in the future is initially measured at fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Interest has been accrued at the effective rate of 15% per annum.

a) The Company received subscriptions on a non-brokered private placement of unsecured convertible debentures, which matures on April 24, 2022, accruing interest at 10% per annum, accrued and paid annually. The holders of the debentures have the option to convert into common shares in $5,000 increments at $4.00 per share. The Company may force the conversion of the principal amount the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the Company's outstanding common shares on the Exchange be equal to or greater than $8.00 per common share for any 10 consecutive trading days, subject to such mandatory conversion being permitted under the policies of the Exchange at the time of conversion.

   The offering was closed on April 24, 2019, with the Company receiving gross proceeds of $303,000.

b) The Company received subscriptions on a non-brokered private placement of unsecured convertible debentures, which matures on July 18, 2022, accruing interest at 10% per annum, accrued and paid annually. The holders of the debentures have the option to convert into common shares in $5,000 increments at $4.00 per share. The Company may force the conversion of the principal amount the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the Company's outstanding common shares on the Exchange be equal to or greater than $8.00 per common share for any 10 consecutive trading days, subject to such mandatory conversion being permitted under the policies of the Exchange at the time of conversion.

   The offering was closed on July 18, 2019, with the Company receiving gross proceeds of $10,000.

c) On December 11, 2020, the Company issued 905,652 common shares (note 7) to settle the total carrying value of the convertible debenture of $345,632. The fair value of the common shares was $271,696, resulting a gain in settlement of $73,937.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged as at June 30, 2021.

10. Commitments

The Company had no significant commitments or contractual obligations with any parties related to executive compensation, consulting arrangements, or other matters other than disclosed below and disclosed in Note 5.

On April 1, 2020, the Company entered into a consulting agreement with ECMB Capital Partners Inc. ("ECMB"). Under the terms of the consulting agreement, ECMB will provide advisory services including identifying and negotiating development opportunities for the Company and support for ongoing advancement of the Company. The consulting agreement provides for a monthly retainer of $4,000 payable in cash or equity, calculated each three months with the first payment due on signing and a finder's fee up to 10% of the value of a transaction brought to the Company.

11. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of other receivables, accounts payable, loans payable, and dues to related parties, approximate their fair value due of the short-term nature of these instruments and are recorded at amortised cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and other receivables. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies, while other receivables are dues from the government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Currency Risk

The Company's functional currencies are the Canadian dollar and the Polish zloty. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and some operating expenses are denominated in Canadian dollars. The Company's revenue and a large portion of operating expenses were denominated in Polish zloty. As of March 31, 2020, the Company had disposed of five of its operating subsidiaries and only had remaining activities in Canada subsequent to March 31, 2020. Accordingly the Company is currently not subject to foreign currency risk from March 31, 2020. The Company managed its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relied on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Foreign exchange risk is assessed as low as at June 30, 2021 and June 30, 2020.

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The interest expenses accrued for loans payable and convertible debentures is subject to movement in interest rates (Notes 5 and 8). Interest rate risk is assessed as low.

(e) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. At June 30, 2021, the Company's cash balance of $159,077 is able to settle current liabilities of $130,997. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives. Liquidity risk is assessed as high.

12. Segmented information

The Company had one operating segment which is manufacturing, marketing, and distributing softwood pellets and shavings for consumer and industrial customers, which was disposed during the year ended June 30, 2020 (see Note 2(a)). There is no revenue during the year ended June 30, 2021. For the year ended June 30, 2020, all revenue was generated in Poland.

13. Contingencies

Civil Claim against the Company

On July 22, 2019, the Company served with a notice of civil claim, filed on July 11, 2019 with the Supreme Court of British Columbia, by Plaintiffs under the Class Proceedings Act, RSBC 1996, c 50, naming the Company as a defendant along with 86 additional defendants, in connection with allegations of the inappropriate use of the exemption from prospectus requirements contained in Section 2.12 of National Instrument 45-106 Prospectus Exemptions, and the disclosure records of the Company in respect of distributions of securities to consultants using such exemption. Honourable Madam Justice Adair has been assigned as the Judicial Management Judge in the above noted matter under the Class Proceedings Act. As of the date of approval of the financial statements, no legal decision has been made.

The Company also had a regulatory hearing submission before the B.C. Securities Commission ("BCSC") in respect of the allegation of misuse of the exemption from prospectus requirements contained in section 2.12 of National Instrument 45-106 and connected agreements with consultants of the Company. On April 29, 2021, BCSC filed a Notice of Discontinuance in the Supreme Court of British Columbia whereby proceedings against the Company were discontinued.

(Expressed in Canadian dollars)

14. Tax provision

The Company operates in Canada and is subject to statutory income tax rates of 27%. The income tax provision differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net loss before taxes as follows:

	June 30, 2021	June 30, 2020
Statutory income tax rate	27%	27%
Income tax recovery at statutory rate	$(234,724)	$(200,101)
Tax effect of:		
Permanent differences and other	(63,099)	408,329
True up of prior year loss provision	-	74,983
Difference in tax rates between foreign jurisdictions	-	34,221
Change in unrecognized deferred income tax assets	297,823	(317,432)
Income tax provision	$ –	$ –

The significant components of the Company's deferred income taxes are as follows:

	June 30, 2021	June 30, 2020
Deferred income tax assets		
Non-capital losses carried forward	2,292,624	2,015,673
Share issuance costs	37,674	16,802
Property and equipment	2,266	2,266
Total deferred income tax assets	2,332,564	2,034,741
Unrecognized deferred income tax assets	(2,332,564)	(2,034,741)
Net deferred income tax assets	–	–

As at June 30, 2021, the Company has non-capital losses carried forward of $8,482,000 (2020 - $7,456,000 with expiry from 2036 to 2040) in Canada which are available to offset future years' taxable income. These losses expire from 2036 to 2041.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. Subsequent Events

a) On August 24, 2021, the Company announces it has completed limited due diligence and on August 23, 2021 the Company signed a Purchase and Sales Agreement (the "PSA") with TriVista Oil Co. LLC ("TRI") a corporation based in Texas to acquire certain operated producing properties in the Serbin Field in Texas (the "Property"). The Company paid a non-refundable 5% deposit ($400,000 USD) during September 2021 to secure the transaction. The closing date of the transaction has not occurred as of the audit report date. The final terms of this PSA require an additional cash payment of $7.6 Million USD upon closing. The Company is planning to finance the acquisition through a combination of a debt and equity to be determined in conjunction with its advisors. Furthermore, the Company is contemplating the payment of a finder's fee in shares or cash.

b) On August 25, 2021, the Company announced a non-brokered private placement financing of up to 8,000,000 units of the Company (the "Units") at a price of $0.10 per Unit for aggregate gross proceeds of up to CAD$800,000 (the "Financing"). Each Unit will consist of one (1) common share in the capital of the Company and one (1) common share purchase warrant (the "Warrant"). Each Warrant will be exercisable by the warrant holder to acquire one (1) additional common share at a price of CAD$0.15 for a period of twenty-four (24) months (the "Expiry Date") from the closing of the Private Placement ("Closing Date") provided that, if the closing price of the common shares is greater than CAD$0.20 for ten (10) consecutive trading days, the Warrants will expire thirty (30) days after the date on which the Company provides notice of such fact to the holders thereof.

   Proceeds from the Financing are intended to be used in connection with the acquisition of certain operated producing oil properties in the Serbin Field in Texas as announced in the August 24, 2021 news release, as well as for general working capital.

   On September 8, 2021, the Company closed the first tranche for a gross proceeds of $637,000, before paying a finder's fee of $36,880.

   On October 6, 2021, the Company closed its final tranche for a gross proceeds of $561,996, before paying a finder's fee of $35,213.