



## **G2 Technologies Corp.**

Condensed Interim Consolidated Financial Statements

Period ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

(Prepared by management)

**The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these consolidated financial statements.**

**G2 TECHNOLOGIES CORP.**

Condensed Interim Consolidated Statements of Financial Position (Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at	Notes	Oct. 31, 2021	June 30, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 221,814	\$ 159,077
Prepaid and other receivables		251,049	97,349
Lease receivables		-	1,843
		<b>472,863</b>	<b>258,269</b>
<b>Deposit – non current</b>	1	<b>506,880</b>	-
<b>TOTAL ASSETS</b>		<b>\$ 979,743</b>	<b>\$ 258,269</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts Payable & Accrued Liabilities		\$ 148,285	\$ 171,309
Due to related parties	5	30,000	13,845
Lease liability		-	1,843
		<b>178,285</b>	<b>186,997</b>
<b>Loans payable – non current</b>	4	<b>33,103</b>	31,527
<b>TOTAL LIABILITIES</b>		<b>211,388</b>	<b>218,524</b>
<b>Shareholders' Equity (Deficit)</b>			
Share Capital	6	13,395,197	12,298,829
Other reserves	6	2,112,566	1,821,067
Deficit		(14,739,408)	(14,080,151)
		<b>768,355</b>	<b>39,745</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>\$ 979,743</b>	<b>\$ 258,269</b>

Going concern (Note 1)  
 Commitments (Notes 8)  
 Contingencies (Note 11)  
 Subsequent events (Note 12)

Approved and authorized for issuance by the Board of Directors on March 1, 2022:

/s/ "Slawomir Smulewicz"

Slawomir Smulewicz, Director

/s/ "John Costigan"

John Costigan, Director

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

**G2 TECHNOLOGIES CORP.**

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Notes	Three months ended		Six months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>OPERATING EXPENSES</b>					
Consulting and management fees	10	(180,258)	(98,813)	(297,805)	(283,797)
Foreign exchange gain		(2,215)	-	(2,861)	2,025
General and administrative		(57,273)	(12,791)	(88,801)	(22,622)
Professional fees	10	(128,330)	(61,935)	(178,773)	(83,494)
Travel		(9,794)	-	(18,430)	-
Corporate development expense		(59,372)	-	(71,011)	-
<b>NET LOSS BEFORE OTHER (EXPENSES) INCOME</b>		<b>(437,242)</b>	<b>(173,539)</b>	<b>(657,681)</b>	<b>(387,888)</b>
<b>OTHER (EXPENSES) INCOME</b>					
Finance cost	14	(787)	(11,228)	(1,576)	(24,312)
Gain from settlement of liabilities		-	129,771	-	129,771
<b>TOTAL OTHER INCOME</b>		<b>(787)</b>	<b>118,543</b>	<b>(1,576)</b>	<b>105,459</b>
<b>NET LOSS AFTER OTHER INCOME</b>		<b>(438,029)</b>	<b>(54,996)</b>	<b>(659,257)</b>	<b>(282,429)</b>
<b>(Loss) Earnings Per Share - Basic and Diluted</b>					
		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.00)
<b>Weighted average number of shares outstanding – basic &amp; diluted</b>					
		<b>35,149,837</b>	<b>5,350,800</b>	<b>30,059,236</b>	<b>5,189,029</b>

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

## G2 TECHNOLOGIES CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit) – (Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Issued Common Shares						Total Shareholders' Deficit for Owners	NCI	Total Shareholders' Deficit
	Number	Amount Received	Share-based Payment Reserves	Warrant Reserves	Convertible Debt Reserves	Deficit			
		\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCE, JUNE 30, 2021</b>	<b>23,376,135</b>	<b>12,298,829</b>	<b>1,462,622</b>	<b>322,770</b>	<b>35,675</b>	<b>(14,080,151)</b>	<b>39,745</b>	-	<b>39,745</b>
Share issuance – private placements (note 6)	14,574,950	1,096,368	-	291,499	-	-	1,387,867	-	1,387,867
Net loss for the year	-	-	-	-	-	(659,257)	(659,257)	-	(659,257)
<b>BALANCE, DECEMBER 31, 2021</b>	<b>37,951,085</b>	<b>13,395,197</b>	<b>1,462,622</b>	<b>614,269</b>	<b>35,675</b>	<b>(14,739,408)</b>	<b>768,355</b>	-	<b>768,355</b>
<b>BALANCE, JUNE 30, 2020</b>	<b>4,603,278</b>	<b>10,366,636</b>	<b>1,378,803</b>	<b>322,770</b>	<b>35,675</b>	<b>(13,210,802)</b>	<b>(1,106,918)</b>	-	<b>(1,106,918)</b>
Shares for debt – accounts payables (note 7)	283,350	84,916	-	-	-	-	84,916	-	84,916
Shares for debt – loan payable (note 7)	275,430	82,628	-	-	-	-	82,628	-	82,628
Shares for debt – convertible debenture (note 7,8)	905,652	271,696	-	-	-	-	271,696	-	271,696
Net loss for the year	-	-	-	-	-	(282,429)	(282,429)	-	(282,429)
<b>BALANCE, DECEMBER 31, 2020</b>	<b>6,607,410</b>	<b>10,805,876</b>	<b>1,378,803</b>	<b>322,770</b>	<b>35,675</b>	<b>(13,493,231)</b>	<b>(950,107)</b>	-	<b>(950,107)</b>

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

**G2 TECHNOLOGIES CORP.**

Condensed Interim Consolidated Statements of Cash Flows (Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Notes	Three months ended		Six months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net loss income for the period		\$ (438,029)	\$ (54,996)	\$ (659,257)	\$ (282,429)
Items not Affecting Cash:					
Finance cost		787	11,228	1,576	24,312
Gain from settlement of liabilities (note 7)		-	(129,771)	-	(129,771)
		(437,242)	(173,539)	(657,681)	(387,888)
Changes in Non-Cash Working Capital Items:					
Increase in GST receivables		(8,580)	(8,889)	(153,699)	(22,083)
Decrease in inventory		-	-	-	-
(Increase) decrease in prepaid		-	-	-	-
Increase (decrease) accounts payable and accrued liabilities		(206,296)	14,500	(23,025)	177,593
Decrease in advances		-	-	-	-
Increase in due from related parties		1,883	120,048	16,155	131,986
Net Cash Used In Operating Activities		(650,235)	(47,880)	(818,250)	(100,392)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property plant and equipment		-	-	(506,880)	-
Net Cash Used In Investing Activities		-	-	(506,880)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from loan payable (note 4(b))		627,039	47,000	1,387,867	98,000
Net Cash Flow From Financing Activities		627,039	47,000	1,387,867	98,000
<b>Change in Cash During the period</b>		<b>(23,196)</b>	<b>(880)</b>	<b>62,737</b>	<b>(2,392)</b>
<b>Cash, Beginning of period</b>		<b>245,010</b>	<b>1,991</b>	<b>159,077</b>	<b>3,503</b>
<b>Cash, End of period</b>		<b>\$ 221,814</b>	<b>\$ 1,111</b>	<b>\$ 221,814</b>	<b>\$ 1,111</b>

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

## **G2 TECHNOLOGIES CORP.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited – Prepared by Management)

Six months ended December 31, 2021

(Expressed in Canadian dollars)

### **1. Corporate Information**

G2 Technologies 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 Suite 209 - 1120 Hamilton Street, Vancouver BC, V6B 2S2.

#### *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 December 31, 2021, the Company had a negative cash flow from operations, had an accumulated deficit of \$14,739,408 (June 30, 2021 - \$14,080,151). Furthermore, the Company incurred a net loss of \$659,257 during the period ended December 31, 2021 (2020 - \$282,429). 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.

On September 7, 2021, the Company paid a deposit (“Deposit”) of \$506,880 (US\$400,000) to TriVista Oil Co. LLC (“TriVista”) as part of a purchase and sale agreement. On October 21, 2021, the Company provided a Default Notice as the Company alleged certain title defects, defaults and misrepresentation by TriVista. The Company has demanded the escrow agent to release the Deposit back to the Company.

#### *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.

## G2 TECHNOLOGIES CORP.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited – Prepared by Management)

Six months ended December 31, 2021

(Expressed in Canadian dollars)

### 2. Basis of Presentation

#### (a) Statement of Compliance and Principles of Consolidation

These interim consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements.

The interim consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2022

The interim 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	December 31, 2021 Ownership Interest	June 30, 2021 Ownership Interest
G2 Energy Holding US Inc. (“G2HUS”)	US	100%	N/A
G2 Energy TX1 Inc. (“G2TX1”)	US	100%	N/A
G2 Energy USA Corp. (“G2USA”)	Canada	100%	N/A

#### (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, G2USA is Canadian dollars and G2HUS and G2TX1 's functional currency is United States dollars (“US\$”).

#### (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

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited – Prepared by Management)

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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 – July 1, 2021

As at December 31, 2021, there were no new accounting pronouncements that were relevant and would result a material impact to the consolidated financial statements.

### 4. 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.

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.

	<b>Total</b>
<b>Balance, as at June 30, 2020</b>	<b>\$ 28,661</b>
Accretion expense	2,866
<b>Balance, as at June 30, 2021</b>	<b>\$ 31,527</b>
Accretion expense	1,576
<b>Balance, as at December 31, 2021</b>	<b>\$ 33,103</b>

### 5. Related Party Transactions

- a) As at December 31, 2021, the Company owed \$11,875 (June 30, 2021 - \$235) to the President of the Company and a company, Blue Amber Enterprise Ltd. ("Blue Amber"), controlled by the President of the Company.
- b) As at December 31, 2021, the Company owed \$9,614 (June 30, 2021 - \$3,150) 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 period ended December 31, 2021, the Company recorded management fees of \$157,106 (2020 - \$149,624) to the President of the Company and a company (Blue Amber Enterprise Ltd.) controlled by the President of the Company.
- d) During the period ended December 31, 2021, the Company recorded consulting fees of \$90,000 (2020 - \$30,000) to a company (Samina Capital Ltd.) controlled by the Chief Financial Officer of the Company.
- e) During the period ended December 31, 2021, the Company recorded directors fees of \$6,000 (2020 - \$Nil) to a Director of the Company.
- f) As at December 31, 2021, the Company owed \$30,000 (June 30, 2021 - \$13,485) to various related parties.



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(Expressed in Canadian dollars)

### **6. 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 December 31, 2021, there was a total of 37,951,085 common shares outstanding (June 30, 2021 – 23,376,135).

#### Issued during period ended December 31, 2021:

- i) On September 7, 2021, the Company completed a non-brokered private placement financing issuing an aggregate of 6,370,000 units at a price of \$0.10 per unit, for gross proceeds of \$637,000. Each Unit consists of 1 common share and 1 share purchase warrant (exercise price of \$0.15, expire on September 7, 2023). Total finder's fee and transactional cost were \$32,117, resulting a net proceeds of \$604,883.
- ii) On October 4, 2021, the Company completed a non-brokered private placement financing issuing an aggregate of 5,619,950 units at a price of \$0.10 per unit, for gross proceeds of \$561,995. Each Unit consists of 1 common share and 1 share purchase warrant (exercise price of \$0.15, expire on October 4, 2023). Total finder's fee and transactional cost were \$35,213, resulting a net proceeds of \$526,782.
- iii) On December 30, 2021, the Company completed a non-brokered private placement financing issuing an aggregate of 2,585,000 units at a price of \$0.10 per unit, for gross proceeds of \$258,500. Each Unit consists of 1 common share and 1 share purchase warrant (exercise price of \$0.15, expire on December 30, 2023). Total finder's fee and transactional cost were \$2,298, resulting a net proceeds of \$256,202.

#### Issued during the year ended June 30, 2021:

- iv) 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.
- v) 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.
- vi) 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.

#### **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

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\$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 for period ended December 31, 2021 and year ended June 30, 2021

	December 31, 2021		June 30, 2021	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding – beginning of year	600,000	0.15	390,750	2.80
Cancelled	-	-	(390,750)	2.80
Granted	-	-	600,000	0.15
Outstanding – end of period	600,000	0.15	600,000	0.15
Exercisable – end of period	600,000	0.15	600,000	0.15

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2021 and 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	4.60

During the year period ended December 31, 2021, the Company recognized share-based compensation expense of \$nil (2020 - \$nil) in share-based payment reserve.

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(Expressed in Canadian dollars)

### Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
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
Issued	14,574,950	\$0.15
Balance December 31, 2021	31,457,950	\$0.15

As at December 31, 2021, the Company had the follow share purchase warrants:

Exercise Price	Expiry Date	Number of Options Exercisable	Remaining Contracted Life (Years)
\$ 0.15	December 30, 2023	2,585,000	1.99
\$ 0.15	October 4, 2023	5,619,950	1.75
\$ 0.15	September 7, 2023	6,370,000	1.68
\$ 0.15	February 3, 2023	16,883,000	1.09

As at June 30, 2021, the Company had the follow share purchase warrants:

Exercise Price	Expiry Date	Number of Options Exercisable	Remaining Contracted Life (Years)
\$ 0.15	February 3, 2023	16,883,000	1.34

### 7. 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 December 31, 2021.

### 8. 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.

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(Expressed in Canadian dollars)

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.

### **9. 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 December 31, 2021 and June 30, 2021.

#### **(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

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is not significantly affected by changes in short-term interest rates. The interest expenses accrued for loans payable is subject to movement in interest rates (Note 4). 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 December 31, 2021, the Company's cash balance of \$221,814 is able to settle current liabilities of \$211,388. 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.

## **10. 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 since June 30, 2020.

## **11. 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.

## **12. Subsequent Events**

- i) On February 3, 2022, the Company closed a non-brokered private placement through issuing 1,750,000 units at a price of \$0.10 per unit for a total gross proceeds of \$175,000. Each unit consists of one (1) common shares of the Company and (1) transferable common share purchase warrant (exercise price of \$0.15 per warrant and an expiry date of February 3, 2023).
- ii) On December 24, 2021 the Company has signed a Purchase and Sales Agreement (the "PSA") with a group of individuals and companies (collectively the "Sellers") to acquire certain operated producing oil properties in Texas (the "Assets").

The consideration for the acquisition of the Assets is the cash sum of US \$4,000,000 to be paid on closing of the transaction and US \$200,000 worth of G2's common shares, being approximately 1,281,600 common shares at a price of CDN \$0.20 per common share to be issued within ninety days after the closing date, subject to regulatory approval.

In addition, G2 has agreed to issue performance shares equal to US \$400,000 (the "Performance Shares") within ninety (90) days of the achievement of either of two triggering events (a "Triggering Event") described below, provided that a Triggering Event occurs between the closing date of the acquisition and the second (2nd) anniversary of the closing date (the "Earnout Period"):

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- a) G2 obtains an average increase of fifty percent (50%) or more in daily oil production of the Assets, compared to the average daily oil production for a period of thirty (30) consecutive days prior to the closing date, over a period of three (3) consecutive months during the Earnout Period; or
- b) an average price of US Eighty Dollars (US \$80.00) per barrel as quoted for West Texas Intermediate per the New York Mercantile Exchange over a period of one hundred twenty (120) consecutive days during the Earnout Period.

The Performance Shares would be issued at a price equal to the average closing market price of G2's shares for the three (3) trading days prior to the issuance date.