

**SOLVBL SOLUTIONS INC.**

Form 51 – 102 F1

Management's Discussion and Analysis

For the three months ended March 31, 2023  
June 12, 2023

## **INTRODUCTION**

The following Management’s Discussion & Analysis (“MD&A”) of SoLVBL Solutions Inc. (the “Company” or “SoLVBL”) for the three months ended March 31, 2023 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company.

This MD&A has been prepared in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022 and 2021, and the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023, together with the notes thereto, and other corporate filings available at [www.sedar.com](http://www.sedar.com) (“SEDAR”). Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of March 31, 2022, unless otherwise indicated.

Management is responsible for the financial statements referred to in this MD&A and provides officers’ disclosure certifications filed on SEDAR. The audit committee of the Company (“Audit Committee”) reviews the consolidated financial statements and the MD&A and recommends approval to the Company’s board of directors (the “Board”). For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A was approved by the Board of Directors as at June 9, 2023.

## **CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS**

Certain sections of this MD&A may contain “forward-looking statements” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not

limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company’s future financial conditions, results of operations, plans, objectives, performance or business developments. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

**Forward-looking statements in this MD&A include, but are not limited to:**

- Assumption and expectations described in the Company’s critical accounting policies and estimates.
- The Company’s expectations regarding the adoption and impact of certain accounting pronouncements.
- The ability to enter and participate in cybersecurity specific market opportunities.
- Expectations with respect to future expenditures and capital activities.
- The Company’s ability to achieve profitability without future equity or debt financing.
- Uncertainty around the COVID-19 pandemic and the related effects of government and other measures.
- An economic downturn as a result of the COVID-19 pandemic.
- User base and capacity expectations including potential expansion plans.
- The expectations in regard to the development timeline of the Company’s Q by SoLVBL Platform.
- The expectations in regard to the development timeline of the Company’s ecommerce Platform.
- The projected growth of users of the Company’s online businesses.
- The competitive conditions of the cybersecurity industry.

- The competitive conditions of the film production and ecommerce industries.
- The competitive and business strategies of the Company.
- Expectations with respect to the successes of the Company's strategic partnerships and joint ventures.
- The costs and success of our sales and marketing efforts, and our ability to promote our brands.
- Our ability to protect our intellectual property rights and any costs associated therewith.
- The Company's intention is to build branding and develop business lines targeting segments of the market.
- The current political, legal and regulatory landscape surrounding cybersecurity.
- The current political, legal and regulatory landscape surrounding film production and digital assets.
- The applicable laws, regulations and any amendments thereof.
- The receipt of any regulatory and stock exchange approvals required at any given time.
- Expectations with respect to the advancement and adoption of new innovative product lines.
- The acceptance by customers and the marketplace of new products and solutions.
- The ability to attract new customers and develop and maintain existing customers.
- Expectations with respect to future product and service costs.
- The ability to attract and retain personnel.
- Anticipated personnel and general operational costs.
- The Company's competitive condition and expectations, including pricing and demand.
- Expectations and the regulatory environment in which the Company operates.
- Anticipated trends and challenges in the Company's expanding business lines, and The markets and jurisdictional governance in which the Company operates or may operate.

## **CAUTIONARY NOTE REGARDING THE COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

### **THE BUSINESS OF THE COMPANY**

On September 13, 2022 the company notified its shareholders of the proposed acquisition of Darkhorse Films Limited "(Darkhorse)" a UK registered film production and digital content creating entertainment business, its intention to expand the SoLVBL suite of digital products, deploy and integrate its Q by SoLVBL™ flagship cybersecurity technology within new business verticals and further accelerate its merger and acquisition growth plan.

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To operate and monetize its business the Company utilizes cutting edge technology including distributed ledger and blockchain, specifically, to deliver secure data and offer for purchase safe digital content to a worldwide audience.

**The Company has evaluated its various business activities and has identified two reportable segments.**

- 1) Film production and transmission services
- 2) Blockchain based software development and services

**Within these segments it operates four complimentary business verticals:**

- a. Cybersecurity and data authentication via **Q by SoLVBL™**, its proprietary technology platform.
- b. A Film production studio that aims to produce independent films for worldwide streaming platforms.
- c. A Digital content creation vertical offered on a Business-to-Business basis (B2B), whereas the Company partners with businesses and individuals that wish to digitise their products such as sports clubs and personalities, artists and musicians.
- d. An E-commerce vertical, whereas Darkhorse disseminates for purchase digital content within the highly saleable industries of film, music, sports and online entertainment.

The Company views the business lines of cybersecurity, film production, content creation and e-commerce as complimentary, as Q by SoLVBL™ is designed to be easy to use and adopt, economically priced and provide digital record authentication at very high speed, while the digital aspects of Darkhorse is a natural application for Q by SoLVBL™. In addition to the film and digital entertainment industries, the Company views Q by SoLVBL™ as applicable to the following sectors: chain of custody for digital evidence; data used in the financial sector, medical applications and critical IoT infrastructures.

### **Corporate Overview**

SoLVBL Solutions Inc. (“SoLVBL” or “the Company”) - formerly Stowe One Investments Corp. (“Stowe One”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on June 16, 2017, head and registered office was located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3. Stowe One was incorporated as a wholly-owned subsidiary of Anacott Resources Corp. (“Anacott”). Stowe One entered into an arrangement agreement dated June 26, 2017 among Anacott, Stowe One and other subsidiaries

of Anacott (the “Anacott Arrangement Agreement”) in connection with a plan of arrangement (the “Anacott Arrangement”), which was approved by the shareholders of Anacott on July 27, 2017. On July 28, 2017, the Court granted the Final Order approving the Arrangement in accordance with Part 9 of the BCBCA and Stowe One was spun out and became a reporting issuer in Alberta and British Columbia.

Since the completion of the Anacott Arrangement until the closing of the three cornered amalgamation pursuant to the provisions of the BCBCA, whereby 1191212 B.C. Ltd, (“1191212”) a wholly-owned subsidiary of Stowe One and Agile Blockchain Corp. (“Agile”) amalgamated on February 10, 2021 (“Closing”), with 1191212 B.C. Ltd (“Amalco”) surviving as a wholly-owned subsidiary of the Company (“Amalgamation”). Agile was incorporated on March 2, 2018 in the Province of British Columbia, Canada, a software company developing software that would help different companies address their supply chain issues within their respective businesses using blockchain backed software solutions. Prior to the Closing, Stowe One did not have any business operations or assets other than cash and did not have written or oral agreements in principle for the acquisition of an asset or business other than the Amalgamation Agreement. Immediately prior to Closing, Stowe One changed its name to “SoLVBL Solutions Inc.”.

The head office of SoLVBL Solutions Inc. is located at the First Canadian Place, Suite 5700, 100 King St. W., Toronto, Ontario, M5X 1C7, Canada.

## **COMPANY HIGHLIGHTS**

On February 23, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “SOLV”.

On June 9, 2022, the Company announced that the United States Patent and Trademark Office (USPTO) has granted the Company U.S. Patent No. 11,334,879 for its “Method and System for Digital Payment Instrument Deployment of Authentication Seal”.

This patent confirms that the intellectual property of the Company’s flagship cryptographic cybersecurity product, Q by SoLVBL™, is both unique and will be protected, and creates enhanced value for the Company’s growing intellectual property portfolio.

This patent will allow the Company to aggressively market its solutions to the distributed financial (DeFi) and centralized financial (CeFi) sectors. This newly granted patent together with the previously granted US patent 11,146,386 strengthens the Company’s intellectual property in data authentication and cryptographic validation of data. This patent should allow for an acceleration into the Company’s foray in the digital payment sector.

## **SoLVBL - Development of the Q by SoLVBL Cybersecurity Product Offering**

Q by SoLVBL, our flagship cybersecurity technology has completed its in-house beta testing plan and aims to be client specific and readily available to onboard customers via a business-to-business relationship expected in fourth quarter of 2023.

## **SoLVBL - Darkhorse Films Acquisition**

On October 26, 2022, the Company completed (the “Closing”) the acquisition (“Acquisition”) of Darkhorse Films Limited (“Darkhorse”). Darkhorse is a United Kingdom Web3 blockchain powered film production and digital entertainment & e-commerce business.

Pursuant to the terms of a Share Purchase Agreement (“SPA”) dated and executed on September 29, 2022, and a valuation report issued by qualified professionals that determine the fair value of the Acquisition purchase price, the Company has acquired all the issued and outstanding shares of Darkhorse, in an arm's-length transaction. On Closing, the vendors of Darkhorse are entitled of 115,384,615 SoLVBL common shares at a market price of \$0.02 per share subject to a four-month hold-period, with a fair value of \$1,996,890 after valuation discount. Darkhorse will continue to operate under the existing Darkhorse Films brand and ensure the quality and continuity of service that it has delivered to date.

Pursuant to the SPA, the total purchase price was \$10,150,000. \$150,000 of the total purchase price will be paid upon the Company raising at least \$500,000 in a private placement, and \$2,500,000, representing 25% of the balance of the total purchase price, will be settled in cash (“Cash Balance”) and the remaining \$7,500,000, representing the remaining 75% of the total purchase price, will be settled in restricted shares of SoLVBL. The Cash Balance will be payable in tranches and only once certain operational and financing milestones have been met, which include the Company completing an aggregate financing of \$10,000,000 within 24 months of the closing of the Acquisition, as follows: \$1,000,000 payable to the vendors of Darkhorse, if the Company raises at least \$4,000,000 in private placement financing within 12 months from the Closing, and an additional \$1,500,000 is payable if the Company raises an additional \$6,000,000 of private placement financing within 24 months of Closing.

A valuation has been performed by an independent valuator after the Closing. Pursuant- to the valuation report dated May 25, 2023, the total fair value of the consideration as of the date of the Closing was \$3,690,490. The Company and the vendors of Darkhorse have agreed further that the cash deposit of \$150,000 payable as of the date of the Closing would be settled in shares on May 31, 2023. Discounting the cash deposit using the Risk-Free Rate of 3.87% gives a fair value of \$146,600, resulting in a commitment to issue 7,330,000 SoLVBL common shares at the market price of \$0.02 per share as indicated above. The discounted fair value of the contingent

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\$2,500,000 cash consideration was determined to be \$1,547,000 as at the Closing date (October 26, 2022).

No finder's fees are payable in connection with this acquisition of Darkhorse. All shares issued to Darkhorse shareholders in connection with the transaction are subject to an escrow of a minimum of four (4) months and are subject to voting trust agreements typical for these types of transactions. The escrow conditions for the shares will include their release based on the Company meeting certain financing milestones.

The post transaction condensed interim consolidated financial statements of the Company and its subsidiaries include the assets and liabilities of Darkhorse which, on March 31, 2023 comprise total assets of \$12,933, total liabilities of \$1,084,215 and an accumulated shareholders deficiency of \$1,071,282.

The following table summarises the consideration payable, and the fair value of the identifiable assets acquired on the date of acquisition:

	<b>October 26, 2022</b>
Cash deposit to be settled through issuance of Solvbl common shares	<b>\$ 146,600</b>
Contingent shares to be issued	1,996,890
Contingent cash consideration	1,547,000
<b>Total consideration settled</b>	<b>3,690,490</b>
Total value of net assets acquired	37,710
<b>Day 2 Impairment loss arising on Acquisition</b>	<b>\$ 3,652,780</b>

The Company recorded impairment of goodwill of \$3,652,780 after the Acquisition based on the fair value of total net assets acquired on the day after the Acquisition.

On December 31, 2022, the Company revised the fair value of the contingent cash consideration, based on a weighted average cost of capital ("WACC") rate of 13.45% and free risk interest rate of 1.12%, to \$1,024,000. The change in the fair value of the contingent cash consideration of \$523,000 was included in the Company's statement of loss and comprehensive loss for the year ended December 31, 2022.

From the date of the Acquisition on October 26, 2022 to December 31, 2022, Darkhorse contributed \$Nil to consolidated revenue and \$476,080 to consolidated loss.

For the three months ended March 31, 2023, Darkhorse contributed \$Nil to consolidated revenue and \$632,912 to consolidated loss of the Company.



## DETAILS OF THE COMPANY'S BUSINESS

### Q by SoLVBL™

**Q by SoLVBL™** implements key characteristics of blockchain technology without some of its bottlenecks: Traditional blockchain technologies (2018 and prior) have been constrained to <100 transactions/second. Recent developments have attempted to bypass these limitations, with varying degrees of success. Noteworthy academic articles have shown some results in the 10K-20K range. The Company's internal testing results have shown that **Q by SoLVBL™** can perform transactions in excess of 100,000 per second.

The effectiveness and efficiency of **Q by SoLVBL™** has been documented by Sonam Kaul, an independent cryptographer who was retained by the Company. **Q by SoLVBL™** comprises the following features:

- **Immutability:** One of the most attractive/useful features of blockchain / distributed ledger technologies are their ability to render data immutable (i.e., cannot be altered or deleted after the fact) and to provide non-repudiation (i.e., once a record exists, its author cannot claim it doesn't or that they are not its author).
- **Speed:** SoLVBL features can be achieved without the technical limitations and bottlenecks which have historically afflicted blockchains. Internal testing at SoLVBL has shown results in the greater than 100K transactions per second range. The development of **Q by SoLVBL™** is ongoing and will continue into the future, such that throughputs in excess of a hundred and fifty thousand per second will be achieved.
- **Secure:** No leakage of data into the public domain.
- **Integration:** The application of **Q by SoLVBL™** sits above and interact with existing software applications. The use of **Q by SoLVBL™** is both software and data agnostic. Any current state system should be able to use **Q by SoLVBL™** to its advantage, providing it with a court-admissible audit trail, with very little effort needed for the integration itself.
- **SaaS and Other Features:** SoLVBL operates its **Q by SoLVBL™** network as software as a service (SaaS). SoLVBL's client firms are able to utilize their current software infrastructure without interruption while APIs connect to their currently installed software. SoLVBL will not replace a client's database or other programs but conducts and registers transactions of all descriptions: RFP's, purchase orders, invoices, payments and many other similar transactions. These transactions are secured using **Q by SoLVBL™** and are made available to all entities that are enabled by the client firm, thus allowing authentication of data prior to use.

### Principal Markets

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There is an increasing realization that cybersecurity and data integrity are growing in importance for even small sized Businesses. There is a history of attacks and losses at financial Institutions plus the recent spate of ransomware attacks on a range of industries has increased this awareness. This is a positive for the business development of SoLVBL's solutions. SoLVBL is targeting four verticals for the sale of **Q by SoLVBL™**. These are 1) Financial Institutions; 2) Healthcare sector; 3) Critical IoT infrastructures; and 4) Digital content production and distribution in the film industry, using the authentication and verifiable ownership standards of Web3 and Blockchain.

### **1) Financial Institutions**

The initial focus will be on the major banks headquartered in New York and two of the main money transfer networks, the Swift Network and Fed Net. The initial approach will be to offer authentication of financial transactions. However, banks and financial institutions use data for more than payments. AI, Big Data and the use of algorithms are driven by the large amounts of data collected by these businesses. It is crucial that data is not altered or compromised prior to use. Once established, **Q by SoLVBL™** will look to expand its use and target the range of applications that could benefit from data authentication.

### **2) Healthcare Sector**

Along with theft and destruction, equally as damaging is the forgery of digital data. Altering, editing or in any way changing the data in medical records could lead to life threatening consequences for patients and potential economic collapse for businesses. Additionally, actions and decisions based on incorrect data can expose medical institutions to legal liability and reputational damage costing millions. We are looking at regional and provincial healthcare agencies to assist them in protecting medical records.

### **3) Critical IoT Infrastructure**

IoT authentication and authorization are essential components of cybersecurity, whether consumers implement them on smart home devices or an enterprise on hundreds of IoT devices that track and monitor large-scale workflows and resources.

At their core, IoT devices simply connect to shared data. With so many devices in use, it's vital to secure these connections. An IoT authorization and authentication strategy begins with understanding how an organization uses IoT devices and how devices communicate with their network. Q by SoLVBL™ can provide a vital service to secure data transmission within critical IoT infrastructure.

#### 4) Film and TV industry

The Film and TV industries have changed dramatically in the past ten years as consumers change their buying and data consumption habits from traditional cinema, pay TV and free to air TV to market disruptive streaming platforms such as Netflix and Amazon Prime. This disruptive nature is expected to continue as blockchain and WEB 3.0 technology offers alternative opportunities for consumers to engage in film and TV content.

The global film and video market reached a value of nearly \$234.9 billion in 2020, having increased at a compound annual growth rate (CAGR) of 2.4% since 2015.

The market is expected to reach \$318.2 billion by 2025, and \$410.6 billion by 2030<sup>1</sup>

**Note:** 1. <https://www.businesswire.com/news/home/20210910005333/en/Global-Film-and-Video-Services-Market-Report-2021---Opportunities-and-Strategies-to-2030---ResearchAndMarkets.com>

#### ***About Darkhorse Films Limited (“Darkhorse”)***

Darkhorse is a blockchain powered Business to Business (“B2B”) and where applicable a Direct To Consumer (“DTC”) film making studio that aims to produce independent films for dissemination across worldwide streaming services. Darkhorse also specializes in the creation of cutting-edge digital assets for the movie and television industries and deployment for purchase of these digital assets to forward thinking Next-Gen digital asset enthusiasts.

#### **Darkhorse Revenue Streams**

##### **a. Film Making:**

Darkhorse aims to produce film content both exclusively and non-exclusively for the films’ business vertical and i the Company may offer third party financing for the independent film making market. The founders of Darkhorse Films have a successful track record in producing film and TV content for broad audiences and their productions have resulted in BAFTA nominations and Raindance film festival awards.

Darkhorse aims to produce "Independent films" for worldwide streaming via recognised distribution platforms. Darkhorse’s film production vertical will generate its revenue from both the sale of its films and via a revenue sharing model in collaboration with its distribution partners. The Company’s current production Tales From The Trap (TFTT) will be ready for release early 2024, however previously released film content will be readily available for purchase throughout the 3<sup>rd</sup> Qtr. 2023.

##### **b. Content Creation:**

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Darkhorse also creates third party digital content (B2B). We partner with companies and individuals such as sports personalities, artists and musicians that wish to digitize their products and we in turn act as a global gateway to facilitate the sales of traditional and digital assets. We operate this business vertical on both a fee for service (fixed and hourly rates) and on a traditional revenue share basis.

**c. E-Commerce:**

Darkhorse's proprietary sales and content distribution software includes a digital sales platform, an open-source marketplace and a fully vertically integrated ecosystem, all underpinned by blockchain technology. The Darkhorse WEB3.0 marketplace is designed to generate revenue in the early stage of the content production lifecycle by selling product and experiences to audiences, such as access to film stars, film premieres, film set experiences, physical and digital merchandise, and digital versions of the film. The Company distributes its content via its own proprietary e-commerce platform and in collaboration with third-party e-commerce platforms. By utilizing Blockchain to distribute film and digital content, ownership and royalty rights can be verified and authenticated using smart contracts in an open-source environment, creating certainty for the consumer and content creator.

**Integration Q by SoLVBL™**

Darkhorse allows for both the integration of the **Q by SoLVBL™** product into the Darkhorse technology as well as access to Darkhorse's distribution and sales platform.

**Licenses:** Content can also be licensed to other WEB3.0 platforms on a revenue sharing basis.

**The Team:**

The acquisition of Darkhorse Films included a team of highly experienced and qualified executives to the Company, including Terry Stone, a prolific film producer in the United Kingdom with over 30 films produced to date. Terry brings a significant following as a social media influencer, access to a slate of film content, and production expertise to the team. Through the acquisition Mr. Stone will become the Company's largest shareholder after the shares for acquisition are issued.

<https://www.imdb.com/name/nm1316819/>

## **Business Operations:**

On March 14, 2023 SoLVBL announced a Digital Collaboration Agreement with England Footballing Legend & PlayOnPro a group of elite sportsmen and women, PlayOnPro Football Limited of the United Kingdom ("PlayOnPro"). Under the agreement, the Company expects for and on behalf of PlayonPro, to securely disseminate for purchase digital content across various blockchain solutions, monetize the PlayOnPro database of 580 + elite sportsmen and women, engage with worldwide sports clubs and charitable foundations with a view to build partnerships and donate to sports foundations of choice. Integrating its flagship Q by SoLVBL™ cybersecurity technology allows for safe and secure dissemination of highly valuable ambassador data and readily available for purchase digital content. Initially the Company is contracted to deploy for purchase, 1625 Viv Anderson (MBE) "England Footballing Legends" digital assets and securely launch up to a further 10,000 sports related digital assets, collectables, and collections, offer consumers purchase options such as mystery pack, limited edition, auction and open/buy now.

On November 16, 2022 SoLVBL Solutions Inc. announced that its subsidiary Darkhorse Films entered into a digital licensing agreement with a Film3 financing group, Mogul Productions ("Mogul"), a blockchain powered Film3 production and alternative film financing businesses. The purpose of the agreement was to strategically align two industry pioneers and digitize Darkhorse's Film3 production slate, opening with the highly anticipated Drill & Rap music blockbuster "Tales From The Trap" a film created by Senior Vice President of Film Production, Terry Stone. In collaboration with Mogul, Darkhorse will offer Mogul's community the option to buy and sell digital assets tailored to its film Tales From The Trap, which digital assets will include non-fungible tokens ("NFT's"), highly sought-after collectables and exclusive movie and music star collections. All content displayed throughout the marketplace will highlight visual and audio-visual graphics, animations, photographs, 3D works, GIFs and other creative digital works. All content has an un-lockable real-world utility including much sought-after experiences including, "you can take part in the film", "red carpet events", "meet the stars", "VIP after party access" and "film set visits". All NFT's will have a tangible value and are automatically linked to secondary marketplaces such as Opensea and Rarible. Other Darkhorse films slated for digitization under the agreement include, Requiem For A King: The Rise and Fall of The Shah of Iran, written & directed by the Oscar winning Guy Nattiv and the King of Crime: The true crime story of one of the world's greatest criminals of all time, John Palmer AKA Goldfinger. Under the agreement Darkhorse will adopt Mogul's "from script to screen" universal fan engagement strategy as the agreement aims to unite the European, United Kingdom & the American movie fan with a highly engaging and interactive digital marketplace. The agreement will also enable Darkhorse to support the digital dissemination and market adoption of other NFT campaigns with Mogul such as, "The Dark Army", ahead of the release of the planned trilogy. The agreement will leverage Mogul's affiliation with various acclaimed filmmakers. Furthermore, under the agreement the parties will look to finance, produce and disseminate animated movies and TV series specifically

designed for the new expanding Mogieland metaverse including but not limited to Darkhorse's: The Claus Supremacy an animated Christmas family film from the producers of Saving Santa.

On September 26, 2022 the Company announced its first Technology Integration Pilot Agreement with a Leading UK multi-branded CBD health & wellness group with a view to integrate its Q by SoLVBL cybersecurity technology once the Q by SoLVBL technology is fully tested.

### Summary of Selected Quarterly Financial Information

The following table sets out selected historical financial information for the eight most recently completed quarters ended on March 31, 2023. An analysis of the information contained in this table are set out below under the "Results of Operations" and "Liquidity and Capital Resources":

For the three months ended	Mar 31, 2023 (\$)	Dec 31, 2022 (\$)	Sept 30, 2022 (\$)	Jun 30, 2022 (\$)	Mar 31, 2022 (\$)	Dec 31, 2021 (\$)	Sept 30, 2021 (\$)	June 30, 2021 (\$)
Revenues	-	-	-	-	-	-	-	-
Net and comprehensive income / (loss)	(789,972)	(4,245,729)	(417,763)	(538,558)	(460,675)	(551,662)	(550,310)	(419,070)
Basic and diluted (loss) per share	(0.003)	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)
0								
Total assets	343,171	469,186	1,019,808	1,367,896	1,826,340	2,257,465	2,720,206	237,015
Long-Term Liabilities	637,518	636,826	59,366	58,740	58,126	57,526	56,919	280,831

### Results of Operations

The following is a breakdown of the Company's overall operational highlight comparison of the three months ended March 31, 2023 and 2022:

	2023	2022
Revenue	-	-
Cost of Sales	-	-
Loss from Operations	(789,280)	(461,351)
Other income (expense)	(692)	676
Loss (before income tax before income tax expenses)	(789,972)	(460,675)
Income Tax Expenses	-	-
Loss and Comprehensive Loss	(789,972)	(460,675)
Basic and diluted weighted average number of shares outstanding	275,247,678	152,533,063
Basic and diluted loss per share	(0.003)	(0.003)
Total Assets	469,186	2,257,465
Total Non-Current Financial Liabilities	636,826	57,526
Net cash inflows (outflows)	283	(1,189,038)

The Company reported loss from operations for the three months ended March 31, 2023 of \$789,280 (\$0.003 per share) as compared with a loss from operations for the three months ended March 31, 2022 of \$461,351 (\$0.003 per share). An increase in loss from operation of \$327,929 or 71.1% for the three months ended March 31, 2023 comparing to the three months ended March 31, 2022, primarily caused by consolidation of \$632,913 loss from operations of Darkhorse, together with increased professional fees that recorded as a result of increased business volume together with increased expenses from DFL after the acquisition and the decrease of share-based compensation.

\$Nil revenue generated in the three months ended March 31, 2023 and 2022.

\$Nil cost of sales incurred in the three months ended March 31, 2023 and 2022.

Professional and consulting fees were \$494,624 for the three months ended March 31, 2023, compared with \$126,515 for the three months ended March 31, 2022, an increase of \$368,109 or 291%. This increase was a combination result of \$406,320 additional professional and consulting expenses consolidated from DFL's post-acquisition operation result, together with less legal services incurred in Solvbl in the three months ended March 31, 2023.

Salaries and benefits were \$260,548 for the three months ended March 31, 2023 compared with \$107,313 for the same period in 2022, an increase of \$153,235 or 142.8%. This increase was as a combined result of the consolidation of \$220,347 salaries expenses from Darkhorse and reduced employee head counts in the parent company.

General and administrative expenses were \$31,322 for the three months ended March 31, 2023 compared with \$25,068 for the same period in 2022, slightly increased of \$6,254 or 25%, in line with the additional expenses of \$6,245 that has been consolidated from DFL.

Shareholder services expenses were \$2,106 for the three months ended March 31, compared with \$114,372 for the same period in 2022, a decrease of \$112,266 or 98.2%. This decrease was mainly caused by the decrease of one-time marketing services that the Company has engaged in 2022.

Share-based compensation expenses were \$Nil for the three months ended March 31, 2023 compared to \$87,653 for the same period in 2022. This 100% decrease was due to that all stock options the Company had granted in the prior years had vested, and there were no new stock options or shares issued in the three months ended March 31, 2023, hence no share-based compensation expenses incurred in 2023.

## ***Liquidity and Capital Resources***

The Company intends to use its funds to meet funding requirements for business development and new customer deployments based on anticipated market demand. Actual funding requirements will vary depending on a variety of factors, including the success in executing our business plan, the progress of our product and business development efforts, our sales and our ability to manage our working capital requirements. Our existing cash balances and cash generated from operations, cash proceeds from new debt and equity financing will be required to meet our anticipated cash needs for working capital, growth capital and capital expenditures for the foreseeable future.

As of March 31, 2023, the Company had cash and cash equivalents of \$43,728 as compared to \$43,448 as of December 31, 2022. Total current assets amounted to \$334,782 (December 31, 2022: \$460,117, including \$150,000 one-year-locked GIC investments), with current liabilities of \$1,910,989 (December 31, 2022: \$1,247,724 resulting in current liability exceeding current assets of \$1,576,207 (December 31, 2022: 787,607)). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Following the acquisition of Darkhorse Films Limited in October 2022, the company is performing an analysis of the allocation and use of working capital to the business lines that provide the best return on investment.

**The table below is a summary of cash inflows and outflows by activities for three months ended March 31, 2023 and 2022:**

	<b>2023</b>	<b>2022</b>
<b>Cash (outflows) inflows by activity:</b>		
Operating activities	(149,717)	(385,889)
Investing activities	150,000	(803,149)
Financing activities	-	-
Net cash inflows (outflows)	283	(1,189,038)
Cash, beginning of period	43,445	1,928,722
Cash, end of period	43,728	739,684

### ***Operating activities***

During the three months ended March 31, 2023, cash used in operating activities was \$149,717 compared with cash used in operating activities of \$385,889 during the same period in 2022.

### ***Investing activities***

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In the three months ended March 31, 2023, \$150,000 cash generated from investing activities, represented as redemption of \$150,000 one-year-locked GIC investments, \$800,000 spent in purchase of 1-year locked GIC and \$3,149 used in purchase of computer equipment in the three months ended March 31, 2022.

**Financing activities**

Nil cash generated or spent in financing activities in the three months ended March 31, 2023 and 2022.

**Share capital**

SoLVBL’s authorized share capital consists of an unlimited number of Common Shares without par value. All the common shares have the same rights in respect of the distribution of dividends and the repayment of capital.

**Authorized**

Unlimited common shares

	<b>Number of Shares</b>	<b>Amount</b>
Balance as at December 31, 2021 and 2022	<b>152,533,063</b>	<b>\$ 5,180,903</b>

**Contractual obligations**

As of March 31, 2023, the Company is obligated to complete the issuance of 122,714,615 Solvbl Common Shares to DFL’s shareholders upon agreement on Escrow terms being reached:

	<b>Number of Shares</b>	<b>Amount</b>
Common shares to be issued as consideration of Acquisition	115,384,615	1,996,890
Common shares to be issued to settle Acquisition cash deposit	7,330,000	146,600
	<b>122,714,615</b>	<b>\$ 2,143,490</b>

Except for the above item, there are no other significant contractual obligations that exist at the date this MD&A is approved.

As of March 31, 2023, there were 275,247,678 Common Shares outstanding, consisting of 152,533,063 Common Shares issued and outstanding and 122,714,615 Common Shares to be issued (275,247,678 – as of December 31, 2022).

As of March 31, 2023, the Company has 76,735,887 warrants outstanding (76,735,887 – as of December 31, 2022).

As of March 31, 2023 the Company has 10,236,666 stock options outstanding, (10,236,666 – on December 31, 2022).

### ***Off balance sheet arrangements***

At the date of this MD&A, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

### ***Risk Factors***

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business.

### **Management**

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

### **Value of Our Common Shares**

The value of the Company's common shares could be subject to significant fluctuations in response to variations in and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

### **Additional Funding and Financing Risk**

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Additional funds will be required for future development. The source of future funds available to the Company is the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financing by the Company may result in substantial dilution for existing shareholders.

#### Uninsured Hazards

The Company currently carries no insurance coverage. The potential costs that could be associated with any liabilities not covered by insurance or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

#### Conflicts of Interest

Certain Directors and Officers of the Company also serve as Directors and officers of other companies involved in the technology sector. Consequently, there exists the possibility that such Directors or Officers may be in a position of conflict of interest. Any decision made by such Directors or Officers involving the Company is made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare and refrain from voting on any matter in which such Directors may have a material conflict of interest.

#### General Venture Company Risks

The common shares must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the common shares should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in common shares.

#### Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has

achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund an increase in its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To

the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

### Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market certain of its products, the

The company must either acquire or develop a sales and distribution infrastructure. In order to maximize sales of other products, the Company may determine that it needs to either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

### Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products, or which render the products currently sold by the Company obsolete or less marketable.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts and result in increased operating expenses.

### Competition

The Company's industry is competitive and composed of several foreign companies. The Company expects to experience competition from competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new

products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

### Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technological processes. Although the Company considers certain of its product designs processes to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

### ***Critical accounting estimates***

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results could differ from the estimates used under different assumptions and conditions.

The most significant judgments applying to the Company's financial statements include:

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty. These financial statements have been prepared based on the going concern assumption, which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The assessment is based upon planned actions that may or may not occur for several reasons including the Company's own resources and external market conditions.

- Impairment of non-financial assets - non-financial assets include property and equipment, and the right of use assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate and cash flow projections.
- Leases renewal terms and incremental borrowing rate - Judgement is required at the inception of a lease as to whether payments associated with future renewal options are included or excluded from the calculation of the lease liability. Management must assess the likelihood of such options being exercised based on factors such as lease rates, improvements made and cost associate with exiting. Additionally, the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company Union estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific risk adjustments.
- Revenue recognition - Judgement is required in identifying the contract with the customer, identifying the performance obligations, determining the individual transaction price and allocating said price to the individual performance obligations making up the contract. Revenue is recognized only when it is probable that the economic benefits associated with a transaction will flow to the Company, and when the amount of revenue can be reliably measured.
- Provisions - Provisions are accrued for liabilities with uncertain timing or amounts, if, in the

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opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the financial statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

*Significant estimates or key sources of estimation uncertainty include:*

- Current and deferred income taxes - Current income taxes require significant estimation in their calculation including the consideration of allowable deductions and tax rates. In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax positions taken will be sustained upon examination by applicable tax authorities.
- Allowance for expected credit losses - Management determines expected credit loss by evaluating individual receivable balances and considering customers' financial condition, customer creditworthiness, current economic trends and experience. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the year ended.
- Useful lives of non-financial assets - The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluations and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.
- Share-based payment transactions and warrants - The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions require determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including

the expected life, volatility, dividend yield of the share option and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

### ***Changes in accounting policies including initial adoption***

There were no new accounting standards adopted by the Company in the three months ended March 31, 2023.

### **Going Concern**

As of March 31, 2023, the Company had an accumulated deficit amounting to \$12,051,659 (December 31, 2022: \$11,261,987). As of March 31, 2023, the Company had current liabilities exceeding current assets of \$1,576,207 (December 31, 2022: \$787,607). The Company has generated negative operating cashflow of \$149,717 for the three months ended March 31, 2023 (2022: \$385,889). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The accompanying condensed interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect any events since December 31, 2022 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

### **Internal Controls Over Financial Reporting and Disclosure of Controls and Procedures**

The Company's Chief Executive Officer and the Chief Financial Officer are responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting during the Company's most recent period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Related Party Transactions & Key Management Compensation**

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the founders of the company and other key senior executives.



During the three months ended March 31, 2023 and 2022, remuneration of key management of the Company was as follows:

	2023	2022
Salaries and service fees	211,371	60,000
Share based compensation	-	72,426

During the three months ended March 31, 2023, the Company also incurred \$479,751 service fees with two related parties as critical shareholders whose shareholding exceeded 10% of the Company's total issued and outstanding common shares, (2022: \$Nil).

The Company's related parties comprise its key management: CEO, CFO, Directors of the Company; and critical shareholders whose shareholding of the Company's issued and outstanding common shares exceed 10%. There were no other related party transactions for the three months ended March 31, 2023.

As of March 31, 2023 and 2022, the amount due to related party balances were \$627,693 and \$891,270, respectively. The amounts due to related parties are recorded as the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing, unsecured and with no fixed repayment terms.

Darkhorse, the Company's subsidiary has a contract with Platinum Pictures Ltd, a film production company associated with one of the critical shareholders of the Company. \$Nil transactions incurred in the three months ended March 31, 2023.

### **Equipment**

During the year ended December 31, 2022 and the three months ended March 31, 2023 the Company has engaged the following equipment in its operation:

	Blockchain Hardware	Computer Equipment	Total
<u>Cost</u>			
Balance, January 1, 2022	\$ 3,989	\$ 16,710	\$ 20,699
Additions	-	6,071	6,071
Balance, December 31, 2022 and March 31, 2023	\$ 3,989	\$ 22,781	\$ 26,770
<u>Accumulated depreciation</u>			
Balance, January 1, 2022	(\$ 2,261)	(\$ 12,697)	(\$ 14,959)
Additions	(463)	(2,278)	(2,741)
Balance, December 31, 2022	(2,724)	(14,976)	(17,700)
Additions	(95)	(585)	(680)
Balance, March 31, 2023	(\$ 2,819)	(\$ 15,561)	(\$ 18,380)
<u>Net book value, December 31, 2022</u>	\$ 1,265	\$ 7,804	\$ 9,069
<u>Net book value, March 31, 2023</u>	\$ 1,170	\$ 7,220	\$ 8,390

## Operating Segments

The Company has evaluated its various business activities and has identified two reportable segments: 1) films producing and transmission services that is mainly conducted by Darkhorse Films Limited, a subsidiary that has been acquired through a business acquisition closed in October 2022; 2) Blockchain based software development and services providing by Solvbl Solutions Inc., the parent company of the group. IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purpose of performance assessment and resource allocation. For the Company, this measurement is profit before income tax.

The following shows profit before income tax by segment for the three months ended March 31, 2023 and 2022:

In Cdn\$	Three months ended March 31, 2023				Three months ended March 31, 2022			
	Solvbl	Darkhorse	Non-allocated	Total	Solvbl	Darkhorse	Non-allocated	Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Professional and consulting fees	88,304	406,320	-	494,624	126,515	-	-	126,515
Salaries and benefits	40,201	220,347	-	260,548	107,313	-	-	107,313
General and administrative	25,077	6,246	-	31,323	25,068	-	-	25,068
Shareholder services	2,106	-	-	2,106	114,372	-	-	114,372
Listing expense	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	87,653	-	-	87,653
Depreciation	680	-	-	680	430	-	-	430
Loss from operations	(156,368)	(632,913)	-	(789,280)	(461,351)	-	-	(461,351)
Interest income	-	-	-	-	1,276	-	-	1,276
Loss on debt restructuring	-	-	-	-	-	-	-	-
Loss on impairment of goodwill	-	-	-	-	-	-	-	-
Government subsidy	-	-	-	-	-	-	-	-
Gain on fair value assessment	-	-	-	-	-	-	-	-
Interest expenses	(692)	-	-	(692)	(600)	-	-	(600)
	(692)	-	-	(692)	676	-	-	676
Loss before income tax expense	(157,060)	(632,913)	-	(789,972)	(460,675)	-	-	(460,675)

The following shows total assets by segment as at March 31, 2023 and December 31, 2022:

In Cdn\$	As at March 31, 2023				As at December 31, 2022			
	Solvbl	Darkhorse	Non-allocated	Total	Solvbl	Darkhorse	Non-allocated	Total
Cash and cash equivalents	\$ 30,795	\$ 12,933	\$ -	\$ 43,728	\$ 24,267	\$ 19,178	\$ -	\$ 43,445
Cash held in trust	-	-	-	-	-	-	-	-
GIC investment	-	-	-	-	\$ 150,000	-	-	150,000
Prepays and sundry assets	58,192	-	-	58,192	44,103	-	-	44,103
Other taxes receivable	232,862	-	-	232,862	222,569	-	-	222,569
Property, plant and equipment	8,389	-	-	8,389	9,069	-	-	9,069
Loss before income tax expense	\$ 330,238	\$ 12,933	\$ -	\$ 343,171	\$ 450,008	\$ 19,178	\$ -	\$ 469,186

### ***Financial instruments and risk exposures***

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

Financial instruments included in the consolidated statement of the financial position as of March 31, 2023, consist of cash, accounts payable and accrued liabilities with period-end carrying amount which approximates their respective fair values.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: credit risk, foreign exchange risk, liquidity risk and cash flow risk.

(c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash and receivable balance. As of March 31, 2023, the Company carried \$Nil trade receivable.

(d) Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk. The Company did not have any hedges, or any other transactions related to foreign currency clearance at the time that these financial statements were issued. In the opinion of management, the foreign exchange risk exposure to the Company is low.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity risk through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities.

The Company's cash flow is generated from debt financing or equity raises.

The Company monitors cash on a regular basis and reviews expenses to ensure costs and commitments are being paid in a timely manner. Management has worked with and

negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

As of March 31, 2023, the Company had a cash and cash equivalents balance of \$43,728. The following table summarises the gross amount and maturity periods of the Company's contractual obligations of financial instruments as of March 31, 2023:

	Within 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 1,321,717	-	\$ 1,321,717
Government loan	-	57,835	57,835
Darkhorse Acquisition - contingent consideration	1,000,000	1,500,000	2,500,000
	<b>\$ 2,321,717</b>	<b>\$ 1,557,835</b>	<b>\$ 3,879,552</b>

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. In the opinion of management, the cash flow risk exposure to the Company is low.

**Management Changes**

On February 23, 2023, the Company announced a change in its leadership team, pursuant which:

Mr. Kaiser Ahmed Akbar stepped down from the Company's interim CEO position and has no longer been with the Company since February 9, 2023.

Mr. Paul Carroll was appointed as the Group President (the Company's "President") and new Interim Chief Executive officer (the interim "CEO"). Pursuant to customary CSE approvals Mr. Carroll's tenure will take effect as of March 1, 2023.

The Company has further strengthened its operational and development team with the appointment of Mr. Daniel Johnson to the newly created position of Global Head of Business Development.