

# CASHBOX VENTURES LTD.

(FORMERLY WIKILEAF TECHNOLOGIES INC.)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

FOR THE THREE AND NINE  
MONTHS ENDED  
SEPTEMBER 30, 2021

## Management Discussion and Analysis

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The following management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of Cashbox Ventures Ltd. (the “**Company**”, “**we**”, “**us**”, “**our**”) prepared for the three and nine months ended September 30, 2021, should be read in conjunction with the Company’s unaudited consolidated financial statements for the three and nine months ended September 30, 2021, and 2020. All figures contained in this MD&A are presented in Canadian dollars. This MD&A contains information up to and including November 24, 2021.

### Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified using words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements because of various risk factors, including, but not limited to:

- assumptions about the ability of the Company to raise necessary capital for its existing operations and expansion plans,
- the ability of the Company to attract new investment opportunities,
- a negative change in the value of the investment in the common shares of Fire & Flower Holdings Corp.

# Operational Overview

## The Company

### Overview

Cashbox Ventures Ltd. (or “The Company” and formerly “Wikileaf Technologies Inc.”) owned and operated wikileaf.com, an online digital platform for cannabis enthusiasts to discover engaging and educational content, strain and product information and analytical tools allowing them to make informed purchasing decisions. On September 15, 2021, the Company sold all of its digital and intangible assets to Fire & Flower Holdings Corp. and Hifyre Inc. for share consideration valued at \$7,500,000, based upon the Fire & Flower’s then-trading day volume weighted average price as of August 3, 2021, the date of the Definitive Agreement.

Upon closing of the transaction, the Company received 8,017,103 common shares of Fire & Flower Holdings Corp. as proceeds. The sale of the shares are restricted with a four-month holding period. Until the shares are liquidated, interim financing was necessary to continue operations.

Following the divesting of all of its online platform assets, the business activities of the Company is limited to the search and evaluation of new investment opportunities along with consideration of other strategic alternatives.

## Highlights

### Asset Sale

On August 3, 2021, the Company entered into a Definitive Agreement with Fire & Flower Holdings Corp. and Hifyre Inc. (TSX: FAF) (OTCQX: FFLWF) to sell all of its digital and intangible assets for share consideration valued at \$7.5 million of the public common shares of Fire & Flower Holdings Corp. based on the ten-trading day volume weighted average price of the shares as of the date of the Definitive Agreement.

On September 8, 2021, the Company held its annual general meeting and a special meeting of the shareholders. All motions presented to the shareholder were approved including the shareholder resolution approving the previously announced sale of the Company’s assets to Hifyre Inc. and Fire & Flower Holdings Corp. Votes representing 71,151,616 shares were cast, representing 49.12% of the issued and outstanding shares at the record date.

On September 15, 2021, the Company announced the closing of the sale of its assets, including the website domain, www.wikileaf.com, to Fire & Flower Holdings Corp. (TSX: FAF) (OTCQX: FFLWF) and Hifyre Inc. for consideration of \$7.5 million, satisfied by the issuance of 8,017,103 common shares of Fire & Flower Holdings Corp. based upon the Fire & Flower Holdings Corp.'s ten-trading day volume weighted average price as of August 3, 2021, the date of the Definitive Agreement. With the closing of the sale of the Assets, the Company announced that it intends to change its name to from Wikileaf Technologies Inc. to "Cashbox Ventures Ltd." and exit the United States cannabis sector.

With the sale of the assets, the Company is no longer involved in any of its previous business operations. Furthermore, the Asset Purchase Agreement provided for the purchaser to retain the services of four of the Company's key employees. Following the completion of sale, only two full time employees remained employed by the Company, the Interim Chief Executive Officer, and the Chief Financial Officer.

The business activities of the Company are expected to include the search and evaluation of new investment opportunities along with consideration of other strategic alternatives such as the distribution of assets to shareholders.

On October 29, 2021, the Company announced a name and symbol change to Cashbox Ventures Ltd. (CBOX). The Canadian Security Exchange (CSE) determined that the Company had not met the continued listing requirements as set out in CSE Policy 2, Appendix A, section 2.9. Pursuant to Policy 6 section 2.4, the Company may not rely on confidential price protection, nor may the Company complete a financing without prior CSE approval. In accordance with Policy 3, section 5.1, the .X extension is added to the listed securities of Issuers that the CSE has deemed to be inactive.

Shares began trading under the new name, symbol and with a new CUSIP number on November 3, 2021.

### **Company Restructuring**

During the three and nine months ended September 30, 2021, the Company continued an organizational and strategic review that was initiated by the Board in fiscal year 2020, to identify opportunities for monetization and to streamline the Company's cost structure. The objective of this initiative was to build sustainable value within changing market conditions and to significantly reduce operating costs. Restructuring efforts in fiscal year 2020 resulted in the downsizing of the Seattle and Ottawa offices which including termination of month-to-month office leases in both locations. Throughout the nine months of fiscal year 2021 the Company incurred significantly lower operating costs due to the ongoing streamlining endeavours.

## Financing

During the three and nine months ended September 30, 2021, the Company successfully raised \$1.25 million in equity financing. On January 29, 2021, the Company issued \$300,000 of convertible notes, which bear interest at an annual rate of 12%. The convertible notes come to maturity on their one-year anniversary date and are convertible into common shares or in the event the Company completes an equity financing prior to April 15, 2021, the holder of the notes is obligated to convert their convertible notes and accrued interest thereon into equity instruments on the same terms of the equity financing. In the event the holder of the notes does not exercise their conversion rights, the Company shall repay the notes with interest on the maturity date. On March 4, 2021, the Company announced a private placement whereby 19,000,000 units were sold for gross proceeds of \$950,000. Each unit consists of one common share at a price of \$0.05 per share and one share purchase warrant exercisable at \$0.075 per share for a period of two years from the date of closing. In addition to the private placement, the \$300,000 convertible notes were converted into common shares under the same terms as the private placement for 6,094,681 units.

On October 28, 2021, the Company signed a secured promissory note, for an amount of \$700,000, with MMCAP International Inc. SPC ("MMCAP"), a shareholder who exercises significant influence over the Group. The note is repayable within six months of the issuance date and is subject to an interest rate of 7% per annum. In exchange, the Company issued MMCAP 1,500,000 warrants to purchase common shares of the Company. Each warrant will be exercisable for one common share at an exercise price of \$0.06 for a period of three years from the date of the grant. The warrants are subject to a four-month hold.

Management believes that the promissory note will provide sufficient funding to support current operations until the four-month holding period on Fire and Flower Holding Corp's. public shares has elapsed and the shares can be liquidated to provide an additional source of funding for the Company.

# Financial Overview

## Selected Financial Information

The following tables highlight certain information and financial data of the Company for each of the two most recently completed financial years ended September 30, 2021. Information set forth below should be read in conjunction with the Company's audited consolidated financial statements for the indicated years ended.

### Summary of Quarterly Results

CDN \$	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	12,831	28,617	26,297	42,993	34,140	8,074	13,824	2,545
Net earnings (loss)	6,378,319	(547,285)	(518,568)	(674,216)	(613,330)	(987,232)	(1,308,787)	(2,433,777)
Cash	77,245	545,241	1,067,753	286,248	854,081	1,454,193	2,321,588	3,562,858
Total assets	6,927,834	598,108	1,106,291	333,439	868,628	1,533,215	2,407,608	3,721,960
Total liabilities	281,617	245,249	250,208	224,888	3,196,325	3,328,329	3,373,954	3,215,309

### Revenue

The Company's revenue for the three months ended September 30, 2021, and 2020, totalled \$12,831 and \$34,140 respectively and \$67,745 and \$56,038 for the nine months ended September 30, 2021, and 2020 respectively. Revenue was derived primarily from the submission of Wikileaf.com to an online advertising network as a publisher website.

### Operating Expenses

Operating expenses during the three months ended September 30, 2021, and 2020 totalled \$922,519 (excluding the \$7,294,564 gain on the disposition of assets following the sale to Fire & Flower Holdings Corp.) and \$647,470, respectively. The increase in operating expenses for the three months ended September 30, 2021, is due primarily to the change in fair value (\$481,026 decrease) of the Fire & Flower common shares received in exchange for the sale of assets. The Company also incurred higher



professional fees for legal and accounting services, provided to assist in the sale of the assets, over the three-month period. This increase was partially offset by lower salary costs as a result of the Company's workforce restructuring. Also, share-based compensation expenses decreased by \$121,00 for the three-months ended September 30, 2021, compared to the same period in 2020. The significant decrease in share-based compensation expense was due to a total of 5,306,072 previously issued options being forfeited by former employees and/or consultants of the Company. As stated in the Company Share Compensation Plan, all options that have not vested are automatically forfeited and cancelled in the event of termination of a plan participant. Additionally, any vested options that have not been exercised by a plan participant within six months following termination from the Company are automatically forfeited.

Operating expenses during the nine months ended September 30, 2021, and 2020 totalled \$2,043,284 (excluding the \$7,294,564 gain on the disposition of assets following the sale to Fire & Flower Corp.) and \$2,965,387, respectively. The decrease in operating expenses for the nine months ended September 30, 2021, is due primarily to the Company's workforce restructuring that began in fiscal year 2020, a decrease in management fees and a significant decrease in share-based compensation expense as explained above. The decrease in operating expenses was partially offset by \$481,026 decrease in the fair value of investments.

### Salaries and Benefits

**For the Three Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Salaries and Benefits	188,649	338,071	-44%

**For the Nine Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Salaries and Benefits	746,146	1,442,462	-48%

Salaries and benefits expense during the three months ended September 30, 2021, and 2020 totalled \$188,649 and \$338,071 respectively and \$746,146 and \$1,442,462 for the nine months ended September 30, 2021, and 2020 respectively. The decrease in salaries and benefits can be attributed to the Company's workforce restructuring in fiscal year 2020. This decrease was partially offset by executive settlement and employee severance payments pursuant to the Company's workforce restructuring earlier in the year.

### Professional Fees

**For the Three Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Professional Fees	221,780	140,509	58%

**For the Nine Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Professional Fees	511,790	922,863	-45%

Professional fee expenses during the three months ended September 30, 2021, and 2020 totalled \$221,780 and \$140,509 respectively. The increase over this three-month period can be primarily attributed to legal and accounting fees incurred for services required for the sale of the Company digital and intangible assets to Fire & Flower Holdings Corp.

Professional fee expenses during the nine months ended September 30, 2021, and 2020 totalled \$511,790 and \$922,863 for the nine months ended September 30, 2021, and 2020, respectively. The decrease over the nine-month period can be attributed to lower website development costs in the nine-month period ended September 30, 2021, compared to the nine-month periods ended September 30, 2020.

Marketing Expenses

**For the Three Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Marketing & Entertainment	56,365	22,106	155%

**For the Nine Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Marketing & Entertainment	101,617	46,048	121%

Marketing expenses during the three months ended September 30, 2021, and 2020 totalled \$56,365 and \$22,106, respectively, and \$101,617 and \$46,048 for the nine months ended September 30, 2021, and 2020 respectively. The increase in marketing expenditures period-to-period is primarily due to the production and release of the ‘Hip Hop High’ and ‘Highly Unlikely’ podcasts. The Company released a total of eight podcasts for each series during the nine months ended September 30, 2021. The first episode of the ‘Highly Unlikely’ podcast series, hosted by Alex Gettlin, was released on the website on April 5th. The first episode of the ‘Hip Hop History High’ podcast series, hosted by comedian Donnell Rawlings was launched July 8<sup>th</sup>, 2021.

Rent Expense

**For the Three Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Rent Expense	0	7,145	-100%

**For the Nine Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Rent Expense	0	47,422	-100%

Rent expense during the three months ended September 30, 2021, and 2020 totalled nil and \$7,145, respectively and nil and \$47,422 for the nine months ended September 30, 2021, and 2020, respectively. The elimination of rental costs is due to the Company's restructuring. The restructuring initiative included cancellation of the Ottawa and Seattle month-to-month rental agreements in the fourth quarter of fiscal year 2020.

Office Supplies

**For the Three Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Office Supplies	11,533	16,224	-29%

**For the Nine Months Ended  
September 30, 2021, and 2020**

	<b>2021</b>	<b>2020</b>	<b>2020 to 2021 % Change</b>
Office Supplies	36,576	47,835	-24%

Office supplies expense during the three months ended September 30, 2021, and 2020 totalled \$11,533 and \$16,224 respectively and \$36,576 and \$47,835 for the nine months ended September 30, 2021, and 2020 respectively. The decrease can be attributed to the Company's restructuring throughout the year. The reduction of staffing levels and the elimination of the month-to-month rental agreements in both Ottawa and Seattle were the primary reasons for the reductions in office supply expenses during the first nine months of the year. The period-over-period decrease was offset marginally due to higher software expenses in the three and nine months ended September 30, 2021.

**Summary of Outstanding Share Data**

The Company had the following securities issued and outstanding as at the date of this of this MD&A:

<b>Securities <sup>(1)</sup></b>	<b>Units Outstanding</b>
Issued and outstanding common shares	148,360,165
Warrants	25,094,681
Stock options	7,741,828
Restricted Stock Units	-

<sup>(1)</sup> Refer to the Company's Consolidated Financial Statements for a detailed description of these securities.

On March 4, 2021, the Company announced a private placement whereby it issued a total of 19,000,000 units at a price of \$0.05 per unit for gross proceeds of \$950,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.075 for a period of two years from the date of closing. Upon closing, the Company paid \$20,000 as finder fees.

On January 15, 2021, the Company issued convertible notes in the amount of \$300,000, bearing interest at an annual rate of 12%. The convertible notes mature after one-year and are convertible into common shares or, in the event the Company completes an equity financing prior to April 15, 2021, the holder of the notes is obligated to convert their notes and accrued interest thereon into equity instruments on the same terms of the equity financing. In the event the holder of the notes does not exercise their conversion rights, the Company shall repay the notes with interest on the maturity date. On March 4, 2021, the convertible notes, and their incurred interest of \$4,734 were converted into units at the same terms as above, resulting in the issuance of 6,094,681 common shares. The fair value of the Company's share price at the date of issuance of the units was \$0.055, which is higher than the unit price and as a result, the entire amount of proceeds was allocated to the common shares issued.

On November 12, 2021, the Company announced that it has entered into a Consulting Agreement whereby in exchange for services rendered over a twelve-month period, the Company issued a total of 1,750,000 common shares in the capital of the Company ("Common Shares"), at a price of \$0.045 per Common Shares. The Common Shares are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws. With 50% of the Common Shares being subject to an additional 12 month hold from the date of issuance.

As at September 30, 2021, all the 25,094,681 warrants issued, remain outstanding.

### Share Capitalization

Basic and diluted earnings (loss) per share for the three months ended September 30, 2021, and 2020 was \$0.044 per share and (\$0.005) per share respectively. The increase in earnings per share is primarily a result of the \$7,295,564 gain from the disposition of assets related to the asset sale to Fire & Flower Holdings Corp.

Basic and diluted earnings (loss) per share for the nine months ended September 30, 2021, and 2020 was \$0.038 per share and (\$0.026) per share respectively. The increase in earnings per share is a primarily due to the \$7,295,564 gain from the disposition of assets related to the asset sale to Fire & Flower Holdings Corp. Also, the increase in earnings per share is partially attributed to the decrease in operating expenses from period-to-period, related primarily to lower operating costs resulting from the Company's restructuring throughout the year.

Stock Options

Stock options on January 1, 2021	12,347,900
Issuance of stock options	700,000
Forfeited stock options	5,306,072
Stock options on September 30, 2021	<u>7,741,828</u>

On February 19, 2021, the Company granted 700,000 stock options to employees and consultants, at an exercise price of \$0.07 per share and maturing in 10 years from the date of issuance. 220,000 of the stock options vest one-tenth on the grant date and the remaining on a monthly basis for the twelve months thereafter. 280,000 of the stock options vest one-third at the one-year anniversary date of the grant and the remaining over the 36 months thereafter. 200,000 of the stock options vest one-half at the date of the grant and the remaining on a monthly basis for the twelve months thereafter. The fair value of options granted has been estimated at \$32,745 using the Black-Scholes option pricing model.

As stated in the Company Share Compensation Plan, all options that have not vested are automatically forfeited and cancelled in the event of termination of a plan participant. Additionally, any vested options that have not been exercised by a plan participant within six months following termination from the Company are automatically forfeited. In accordance with the abovementioned policies outlined in the Company Share Compensation Plan, for the nine months ended September 30, 2021, a total of 5,306,072 options have been forfeited by former employees and/or consultants of the Company.

Restricted Stock Units

On July 6, 2020, the Company granted 1,750,000 Restricted Stock Units (RSUs) to its directors, expiring in 10 years from the date of issuance. On November 23, 2020, the Company granted 250,000 RSUs to two of its directors, vesting immediately on the date of issuance.

Each RSU agreement stipulated that all unvested RSUs granted shall become vested, effective immediately prior to the completion of a "Change of Control". Change of Control is defined by several potential events or a related series of events including any sale, transfer, or other disposition of all or substantially all of the assets or undertaking of the Corporation. Accordingly, on September 15, 2021, following the sale of the Company assets, all of the 1,750,000 outstanding RSUs vested and on September 30, 2021, all 1,750,000 RSU's were converted to common shares.

## CASHBOX VENTURES LTD.

	No. of RSUs
RSUs on January 1, 2021	1,750,000
Issuance of RSUs	-
Exercise of RSUs	1,750,000
RSUs on September 30, 2021	-

As of the date of this MD&A, no RSU's are outstanding.

### Liquidity and Capital Resources

	<b>Three months Ending</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash used in operating activities	(470,058)	(585,890)
Net cash used in investing activities	-	-
Net cash from financing activities	-	-

	<b>Nine months Ending</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Net cash used in operating activities	(1,433,219)	(2,701,338)
Net cash from investing activities	2,400	4,512
Net cash from financing activities	1,230,000	-

The Company's net cash used in operations for the three ended September 30, 2021, was \$470,058 (2020: \$585,890) and \$1,433,219 (2020: \$2,701,338) for the nine months ended September 30. The decrease was largely attributed to lower operating expenditures. The Company continues to anticipate negative cash flows from operations for the foreseeable future.



The Company's net cash used in investing for the three ended September 30, 2021, was nil (2020: - \$nil) and \$2,400 (2020: \$4,512) for the nine months ended September 30<sup>th</sup>. The amounts for both periods relate to proceeds from disposal of equipment.

The Company's net cash from financing for the three months ended September 30, 2021, was nil (2020: nil) and \$1,230,000 (2020: nil) for first nine months of the fiscal year 2021. During the first nine months of fiscal year 2021, \$950,000 (less \$20,000 issue costs) was raised from the issuance of private placement units and \$300,000 from the issuance of convertible notes.

As at September 30, 2021, the Company had a cash balance of \$77,245 (September 30, 2020: \$854,081). As at September 30, 2021, the Company has an accumulated deficit of \$14,512,930 (\$19,825,398 as at December 31, 2020). The Company has not yet completed its efforts to establish a stabilized source of revenue sufficient to cover operating expenses and relies on support from its shareholders and other potential financing arrangements to cover operating expenses.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related Party Transactions**

#### **Transactions with related party exercising significant influence**

The Company had an agreement with its former parent company, which required the Company to pay a fee \$5,000 per month (US\$60,000 per quarter for the month of January 2020, US\$12,000 for the month of February 2020 and \$5,000 per month starting March 2020) for management services rendered. On December 10, 2020, the Company came to an agreement with the former parent company to settle the management fees payable as at that date and following the payment of the January 2021 management fee, the agreement was terminated. As at September 30, 2021, and December 31, 2020, there are no management fees payable. The amount included in expenses for the three and nine-month period ended September 30, 2021, is nil and \$5,000 (\$16,905 and \$82,687 (US\$32,000 and \$39,550) in 2020) respectively.

#### **Notes payable to related party**

Unsecured promissory notes were issued to the former parent company. On December 10, 2020, the Company came to an agreement to settle the notes. As a result, there were no amounts outstanding

as at September 30, 2021, or December 31, 2020.

The notes bore interest at prime plus 1% and the interest expense for the three and nine-month periods ended September 30, 2020, was \$5,207 (US\$4,896) and \$17,178 (US\$14,704).

On March 31, 2021, the parent company Feather Company Ltd. (formerly Nesta Holding Co. Ltd.) privately sold a portion of their common shares of the Issuer to a third party and, as a result, no longer has control over the Company, however it exercised significant influence.

Subsequent to period end, Feather Company Ltd. sold the remainder of the public common shares they held in the Company to various third parties and as a result no longer has significant influence on the Company.

#### **Bonus payable to Chief Financial Officer**

Upon the closing of the sale of assets, the Chief Executive Officer of the Company was awarded US\$43,000 (CA\$54,786) of bonuses. The bonus amounts are included in salaries and benefits in the consolidated statement of comprehensive income (loss) and salary payable on the consolidated statement of financial position.

#### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, 8,017,103 public common shares of Fire & Flower Holdings Corp. received as proceeds from the asset sale and current liabilities. Management has disclosed the impact of credit, liquidity, foreign currency, interest rate and other price risk below and in the audited consolidated financial statements.

### **FINANCIAL RISKS**

#### **Risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets are cash and trade accounts receivable, which are classified at amortized cost.

The main types of risks are credit risk, liquidity risk, foreign exchange risk and other price risk.

The Company does not actively engage in the trading of financial assets for speculative purposes.

### **Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is subject to credit risk due to its cash and trade accounts receivable. The Company limits its exposure to credit risk for cash by placing its cash with high credit quality financial institutions.

### **Liquidity risk**

Liquidity risk is the risk that the Company might be unable to meet its obligations as they come due. This relies on the Company's ability to raise additional equity financing in excess of anticipated needs or increasing revenues and until the sales restrictions on the shares held as investments ends.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources.

### **Foreign exchange risk**

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is not considered significant as most of the Company's cash is in Canadian dollars; however, some expenses are settled in U.S. dollars. Currency risk results from the Company's expenses denominated in U.S. dollars.

### **Other price risk**

The Group is exposed to other price risk due to its investment in publicly listed company since changes in market prices could result in changes in fair value of such investment.

### **Risks and Uncertainties**

A discussion of the Company's business and operational risks is set out in the Company's MD&A for the year ended December 31, 2020. If any of such risks or uncertainties actually occur, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward information discussed in this MD&A.

## Critical Accounting Policies and Estimates

The Company has prepared the accompanying audited consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). Significant accounting policies and estimates are described in Notes 4 and 5 of the Company’s consolidated financial statements as at September 30, 2021.

The preparation of consolidated financial statements according to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

### Significant accounting estimates:

The valuation of share-based compensation.

### Significant accounting judgments:

The evaluation of the Company’s ability to continue as a going concern.

## POST-REPORTING DATE EVENTS

On October 28, 2021, the Group entered into a secured promissory note, for an amount of \$700,000, with MMCAP, a shareholder who exercises significant influence over the Group. The note is repayable within six months of the issuance date and is subject to an interest rate of 7% per annum. In exchange, the Group issued MMCAP 1,500,000 warrants to purchase common shares of the Company. Each warrant will be exercisable for one common share at an exercise price of \$0.06 for a period of three years from the date of the grant. The warrants will be subject to a four-month hold.

On November 12, 2021, the Company announced that it has entered into a Consulting Agreement whereby in exchange for services rendered over a twelve-month period, the Company issued a total of 1,750,000 common shares in the capital of the Company (“Common Shares”), at a price of \$0.045 per Common Shares. The Common Shares are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws. With 50% of the Common Shares being subject to an additional 12 month hold from the date of issuance.