CASHBOX VENTURES LTD.
(FORMERLY WIKILEAF TECHNOLOGIES INC.)

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

FOR THE THREE MONTHS AND

YEAR ENDED

DECEMBER 31, 2021

Management Discussion and Analysis

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 year ended December 31, 2021, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021, and 2020. All figures contained in this MD&A are presented in Canadian dollars. This MD&A contains information up to and including April 27, 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. (“Fire & Flower”) 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 as proceeds. The sale of the shares was restricted with a four-month holding period. Until the shares are liquidated, interim financing was necessary to continue operations.

On October 28, 2021, the Group 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 Group issued MMCAP 1,500,000 warrants to purchase common shares of the Company. Each warrant will is exercisable for one common share at an exercise price of $0.06 for a period of three years from the date of the grant.

On April 26, 2022, the Company paid the full amount of the outstanding promissory note owed to MMCAP International Inc. SPC, in the of amount of $700,000 plus accrued interest owed of $24,164.38 for a total payment of $724,164.38. The note was repayable within six months of the issuance date of October 28, 2021 and was subject to an interest rate of 7% per annum.

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.

Although the Company was successful in obtaining the promissory note and is able to liquidate its investment in the publicly listed shares as a source of funding, there is no assurance that the Company will be successful in its future endeavours or become viable and continue as a going concern.

Highlights

Asset Sale

On August 3, 2021, the Company entered into a Definitive Agreement with Fire & Flower (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 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. 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 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 ten-trading day volume weighted average price as of August 3, 2021, the date of the Definitive Agreement.

On November 29, 2021, in anticipation of a listing on the NASDAQ, Fire & Flower announced that it had filed articles of amendment implementing a consolidation of its outstanding shares on the basis of ten (10) pre-consolidation shares for every one (1) post-consolidation. Following post-consolidation, the Company held 801,710 Fire & Flower common shares.

As of the date of this MD&A, the Company held 613,410 shares of Fire & Flower.

Following 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 year ended December 31, 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 fiscal year 2021, the Company incurred significantly lower operating costs due to the ongoing streamlining endeavours. Also, there was a significant reduction in operating costs following the sale of Company assets to Fire & Flower on September 15, 2021.

Financing

During the fiscal year ended December 31, 2021, the Company successfully raised $1.25 million in equity financing. On January 29, 2021, the Company issued $300,000 of convertible notes, with interest at an annual rate of 12%. The convertible notes had a maturity date of the one-year anniversary date and were convertible into common shares or in the event the Company completed an equity financing prior to April 15, 2021, the holder of the notes were 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 did not exercise their conversion rights, the Company was to 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 Company. 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 is 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.

The Company secured the promissory note in order to provide sufficient funding to support ongoing operations until the four-month holding period on Fire and Flower public shares 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 December 31, 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 $	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	1,655	12,831	28,617	26,297	42,993	34,140	8,074	13,824
Net earnings (loss)	(3,172,193)	6,378,319	(547,285)	(518,568)	(674,216)	(613,330)	(987,232)	(1,308,787)
Cash	156,315	77,245	545,241	1,067,753	286,248	854,081	1,454,193	2,321,588
Total assets	4,529,910	6,927,834	598,108	1,106,291	333,439	868,628	1,533,215	2,407,608
Total liabilities	991,535	281,617	245,249	250,208	224,888	3,196,325	3,328,329	3,373,954

	2021	2020
Revenue	69,400	99,031
Net income (loss)	2,140,273	(3,583,565)
Cash	156,315	286,248
Total assets	4,529,910	333,439
Total liabilities	991,535	224,888
Total shareholders' deficiency	17,685,125	19,825,398

Revenue

The Company's revenue was $69,400 and $99,031 during the years ended December 31, 2021, and 2020, respectively. Revenue was derived primarily from the submission of Wikileaf.com to an online advertising network as a publisher website. Revenue for the three months ended December 31, 2021, and 2020 totalled $1,655 and $42,993, respectively. Following the sale of Company assets to Fire & Flower on September 15, 2021, the Company had no ongoing sources of revenue.

Operating Expenses

Operating expenses during the year ended December 31, 2021, and 2020 totalled $1,853,631 and $3,682,596, respectively. The overall decrease in operating expenses for the year was primarily due to lower salary costs, professional fees, and general operating costs, resulting from the Company's workforce restructuring initiatives and asset sale. Also, share-based compensation expenses decreased by $118,951 for the year ended December 31, 2021, compared to the same period in 2020 (2021: $39,583 vs 2020: $158,534). The significant decrease in share-based compensation expense was due to a total of 6,983,008 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.

Additionally, management fees with a former parent company decreased by $89,934 (2021: $5,000 vs 2020: $94,934). 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 December 31, 2021 and December 31, 2020, there are no management fees payable.

Operating expenses for the three months ended December 31, 2021, and 2020 totalled $291,373 and $717,245, respectively. The decrease period-to-period can be attributed to a significant reduction in operations resulting from the sale of substantially all Company assets to Flower & Flower on September 15th, 2021.

Gain on disposition of assets

On September 15, 2021, the Company sold all of its digital and intangible assets for a share consideration valued at $7,500,000 of the publicly listed shares of Fire & Flower., based on the ten trading day volume weighted average price of the shares as of the date of the agreement, which resulted in the Company receiving 8,017,103 shares of Fire & Flower Holdings Corp.

Following a consolidation of Fire & Flower Holdings Corp. Shares on a basis of 10 for 1, the Company owned 801,710 of such shares. The sale of the shares is restricted with a four-month holding period.

The fair value of the shares received on the date of the sale was $7,295,564, which was also the gain on the sale of the assets. As at December 31, 2021, the fair value of the shares is $4,000,535, based upon the quoted price of the public shares as at that date.

Salaries and Benefits

	For the Year Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Salaries and Benefits	808,375	1,753,697	-54%

	For the Three Months Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Salaries and Benefits	62,229	311,235	-80%

Salaries and benefits expense during the year ended December 31, 2021, and 2020 totalled $808,375 and $1,753,697 respectively and $62,229 and $311,235 for the three months ended December 31, 2021, and 2020 respectively. The decrease in salaries and benefits can be attributed to the Company's continued workforce restructuring in fiscal year 2021 and the sale of Company assets to Fire & Flower on September 15, 2021. 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 Year Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Professional Fees	653,475	1,055,757	-38%

	For the Three Months Ended December 31, 2021 and 2020		
	2021	2020	2020 to 2021 % Change
Professional Fees	141,685	132,894	7%

Professional fee expenses during the year ended December 31, 2021, and 2020 totalled $653,475 and $1,055,757 respectively. The decrease can be primarily attributed to lower website development costs in the year ended December 31, 2021, compared to the year ended December 31, 2020.

Professional fee expenses during the three months ended December 31, 2021, and 2020 totalled $141,685 and $132,894 for the three months ended December 31, 2021, and 2020, 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.

Marketing Expenses

	For the Year Ended December 31, 2021 and 2020		
	2021	2020	2020 to 2021 % Change
Marketing & Entertainment	100,693	147,495	-32%

	For the Three Months Ended December 31, 2021 and 2020		
	2021	2020	2020 to 2021 % Change
Marketing & Entertainment	-924	101,447	-101%

Marketing expenses during the year ended December 31, 2021, and 2020 totalled $100,693 and $147,495, respectively, and $(924) and $101,447 for the three months ended December 31, 2021, and 2020 respectively. The annual decrease in marketing expenses is primarily due to the overall reduction in operational activities following the sale of Company assets to Fire & Flower on September 15, 2021.

The decrease in marketing expenditures was partially offset 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 year ended December 31, 2021. The 'Highly Unlikely' podcast series, hosted by Alex Gettlin, was released on the website on April 5th. The 'Hip Hop History High' podcast series, hosted by comedian Donnell Rawlings was launched July 8th, 2021.

Rent Expense

	For the Year Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Rent Expense	0	48,910	-100%

	For the Three Months Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Rent Expense	0	1,488	-100%

Rent expense during the year ended December 31, 2021, and 2020 totalled nil and $48,910, respectively and nil and $1,488 for the three months ended December 31, 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 Year Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Office Supplies	54,571	48,819	12%

	For the Three Months Ended December 31, 2021 and 2020		
	2021	**2020**	**2020 to 2021 % Change**
Office Supplies	2,010	984	104%

Office supplies expense during the year ended December 31, 2021, and 2020 totalled $54,571 and $48,819 respectively and $2,010 and $984 for the three months ended December 31, 2021, and 2020 respectively. The increase over comparable periods can be primarily attributed to costs incurred for products sold in the online store. The product costs included in office supply expenses for the year ended December 31, 2021 was $15,884 vs $130 for the year ended December 31, 2020. Additionally, $4,907 was paid to employees for working from home during the year ended December 31, 2021 (2020: nil).

The increase in office supplies was partially offset due 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 helped offset the increase office supply expenses throughout the year ending December 31, 2021.

Summary of Outstanding Share Data

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

Securities (1)	Units Outstanding
Issued and outstanding common shares	148,752,477
Warrants	26,594,681
Stock options	5,972,580
Restricted Stock Units	-

(1) 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 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 Company. 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.

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 December 31, 2021, all the 26,594,681 warrants issued, remain outstanding.

Share Capitalization

Basic and diluted earnings (loss) per share for the year ended December 31, 2021, and 2020 was $0.02 per share and ($0.03) per share respectively. The increase in earnings per share is primarily a result of the $4,000,535 net gain ($7,295,564 gain less $3,295,029 change in fair value) from the shares received from the asset sale to Fire & Flower.

Basic and diluted earnings (loss) per share for the three months ended December 31, 2021, and 2020 was ($0.02) per share and ($0.01) per share respectively. The decrease in earnings per share is primarily due to the ($2,814,003) change in fair value of the Fire & Flower shares. The decrease in earnings per share is partially offset by the $382,843 decrease in operating expenses. Operating expenses during the three months ended December 31, 2021, and 2020 totalled $291,373 and $674,216 respectively. The decrease in operating expenses in this period is primarily due to the overall reduction in operational activities following the sale of Company assets to Fire & Flower on September 15, 2021.

Stock Options

As of the date December 31, 2021, 5,972,580 stock options have been granted and outstanding.

Stock options on January 1, 2021	12,347,900
Issuance of stock options	1,000,000
Exercise of stock options	(392,312)
Forfeited stock options	(6,983,008)
Stock options on December 31, 2021	5,972,580

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 $32,488 using the Black-Scholes option pricing model with the assumptions in the table below.

On March 15, 2021, the Company granted 300,000 stock options to a consultant at an exercise price of $0.06 per share and maturing in 10 years from the date of issuance. 30,000 of the stock options vest immediately and the remaining over the 9 months thereafter. The fair value of the options has been estimated at $11,490 using the Black-Scholes option pricing model with the assumptions in the table below. These options were cancelled following the consultant agreement in Note 10, along with 200,000 options granted on February 19, 2021. The value of the issued shares was higher than the remaining fair value of the unvested stock options, as a result the shares were recorded at their full fair value and the unvested portion of the stock options was reversed.

As of the date of this MD&A, 5,645,409 stock options were outstanding.

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 year ended December 31, 2021, a total of 6,983,008 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 1,750,000 outstanding RSUs were fully vested and on

September 30, 2021, all 1,750,000 RSU's were converted to common shares.

	No. of RSUs
RSUs on January 1, 2021	1,750,000
Issuance of RSUs	-
Exercise of RSUs	(1,750,000)
RSUs on December 31, 2021	-

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

Liquidity and Capital Resources

	Three months Ending December 31, 2021	2020
Net cash used in operating activities	(629,763)	(607,967)
Net cash used in investing activities	-	-
Net cash from financing activities	704,285	-

	Year Ending December 31, 2021	2020
Net cash used in operating activities	(2,062,982)	(3,309,341)
Net cash from investing activities	2,400	4,579
Net cash from financing activities	1,934,285	-

The Company's net cash used in operations for the three months ended December 31, 2021, was $629,763 (2020: $607,967) and $2,062,982 for the year ended December 31, 2021 (2020: $3,309,341). 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 months ended December 31, 2021, was nil (2020: -$nil) and $2,400 (2020: $4,549) for the year ended December 31. The amounts for both periods relate to proceeds from disposal of equipment.

The Company's net cash from financing for the three months ended December 31, 2021, was $704,285 (2020: nil) and $1,934,285 for the year ending December 31, 2021 (2020: nil).

As at December 31, 2021, the Company had a cash balance of $156,315 (2020: $286,248). As at December 31, 2021, the Company has an accumulated deficit of $17,685,125 (2020: $19,825,398). The Company has not yet completed its efforts to establish a stabilized source of revenue sufficient 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

Debt settlement with parent company

On December 10, 2020, the Company came to an agreement with the parent company whereby the Company issued 5,800,000 common shares at $0.05 per share in exchange for the settlement of $290,000 of debt owed to the parent company. The remaining debt owed to the parent company consisted of advances, management fees, notes and interest payable on the notes, all of which were settled by the parent company.

The issuance of common shares was done above fair value which was $0.035 as at December 10, 2020. As a result, common shares were issued for $203,000 and the difference of $87,000 was accounted for in contributed surplus.

The settlement of debt owed to the parent company resulted in an increase to contributed surplus of $2,795,602 as described below:

Settled debt owed to parent company	
Advances	1,558,020
Management fees payable	815,597
Notes payable	465,329
Interest on notes payable	159,656
	2,998,602
Issuance of common shares	(203,000)
	2,795,602

Management fees with parent company

The Company had an agreement with its former parent company, which required the Company to pay a fee of $5,000 for January 2021 (US$20,000 for January 2020, $13,560 for February 2020, $5,650 per month for March to October 2020 and $5,000 for November and December 2020 amounting to $94,934 in 2020).

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 December 31, 2021, and December 31, 2020, there are no management fees payable. The amount included in expenses for the year ended December 31, 2021 is $5,000 (2020: $94,934).

Notes payable to former parent company

Unsecured promissory notes were issued to the former parent company, bearing interest at prime rate plus 1%. On December 10, 2020, the Company came to an agreement to settle the notes. As a result, there were no amounts outstanding as at December 31, 2020. During the year ended December 31, 2020, $17,178 (US$12,686) of interest expense was recognized on the notes.

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 year 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.

Note payable to related party

On October 28, 2021, the Company entered into a secured promissory note, for an amount of $700,000, with MMCAP, a shareholder who exercises significant influence over the Company. The note is repayable within six months of the issuance date and is subject to an interest rate of 7% per annum. Interest expense recognized during the year ended December 31, 2021 was $8,592, which is also payable as at December 31, 2021. 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, which is October 28, 2024. The warrants are subject to a four-month hold. At the inception of the agreement, the Company estimated the fair value of the note payable to related party to be $684,240, the net balance of the amount received, $15,760, was attributed to the warrants and was classified to equity into contributed surplus. Since the inception, there has been $5,822 of accretion expense and as at December 31, 2021, the note payable to related party is $690,062 and is presented on the statement of financial position as a short-term liability.

Transactions with key management personnel

Key management of the Company includes all members of the Board of Directors and senior management.

	2021	2020
Salaries and benefits	$ 470,297	$ 592,296
Share-based compensation	83,412	199,048
Termination benefits	-	87,846
	553,709	879,190

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and 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 and investment in a publicly listed company, which is classified at fair value through profit and loss.

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 sale 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.

The Company's undiscounted financial liabilities are as follows:

	2021	2020
Trade and other payables (a)	$ 126,041	$ 174,986
Notes payable to related party including interest	724,019	-
	850,060	174,986

(a) Excluding government remittance, salary payable, termination benefits and vacation accrual.
All of the Company's financial liabilities are due in the next year.

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 Company 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. If the quoted stock price for the investment in publicly listed company increased or decreased by 10%, the change in fair value would have changed by $329,503.

Other Risks and Uncertainties

Market Risk for Securities

There can be no assurance that an active trading market for the Common Shares will be sustained on the CSE. The market price for the Common Shares could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price, movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Common Shares. The stock market has experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of individual companies.

Negative Cash Flow from Operations

During the year ended December 31, 2021, the Company had negative cash flow from operating activities. To the extent that the Company has negative cash flow in any future period, unallocated funds may be used to fund such negative cash flow from operating activities, if any.

Dilution

Common Shares, as well as including rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold, and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

Risk of Incurring Operating Losses in the Future

The Company has incurred operating losses in the past and may incur operating losses in the future. As a public company in Canada, the Company will incur additional legal, accounting, and other expenses. If a revenue source or an adequate investment opportunity does not materialize to offset these expenses, the Company will not be profitable. The Company can provide no assurance that it will be able to achieve or maintain profitability.

Global economy risk

The Company may be dependent upon capital markets to raise additional financing in the future. Access to financing could be negatively impacted by any global economic downturn. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility and slow market conditions persist, the Company’s ability to raise capital and the trading price of the Common Shares could be adversely impacted.

Litigation

All companies are subject to legal claims, with and without merit. Legal proceedings may arise from time to time during the Company’s business. Such litigation may be brought from time to time in the future against the Company. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The Company is not currently subject to material litigation, nor has the Company received an indication that any material claims are forthcoming. However, due to the inherent uncertainty of the litigation process, the Company could become involved in material legal claims or other proceedings with other parties in the future. The results of litigation or any other proceedings cannot be predicted with certainty. The cost of defending such claims may take away from management’s time and effort and if the Company is incapable of resolving such disputes favorably, the resultant litigation could have a material adverse impact on the Company’s financial condition and cash flow.

Uninsured or uninsurable risk

The Company may become subject to liability for risks against which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Confidentiality risk

Personal information collected by the Company in the ordinary course of business may be vulnerable to breach, theft, or loss. This could subject the Company to liability or negatively impact the Company's reputation and operations. The Company collects, uses, and retains personal information from its customer base, including personal and financial data. The Company also collects and maintains personal information of its employees. Although the Company uses security controls to limit access and use of personal information, a third party or internal errors within the Company may circumvent these controls, which could result in a breach of customer or employee privacy. A violation of any laws or regulations relating to the collection or use of personal information could result in the Company incurring fines. While the Company believes it takes appropriate precautions and safety measures, there is still a possibility that a breach, theft or loss of personal information may occur. Any breach, theft or loss of such personal information could negatively impact the Company's financial condition, reputation, and may result in the Company incurring liability.

The Company may attempt to identify and execute future acquisitions or dispositions

If the Company were to undertake any material acquisitions, dispositions and other strategic transactions, could involve a number of risks, including: (i) distraction of management; (ii) the Company may become more financially leveraged; (iii) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (iv) increasing the scope and complexity of the Company's operations, and (v) loss or reduction of control over certain of the Company's assets. The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the results of operations, business prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations, and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Regulatory or agency proceedings, investigations, and audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines, and penalties. The Company may become involved in several government or agency proceedings, investigations, and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, and results of operation.

Fraudulent or illegal activity by employees, contractors, and consultants

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; or (ii) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to follow such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Information Technology Systems and Cyber-attacks

The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Reporting issuer status As a Reporting Issuer in Canada

The Company is subject to reporting requirements under applicable Canadian securities law and stock exchange policies. Compliance with these requirements increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures, and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

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 December 31, 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 and recognition of deferred tax assets.