CASHBOX VENTURES LTD.

Consolidated Financial Statements
(In Canadian dollars)

As at and for the years ended December 31, 2022 and 2021

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec
H3B 4L8

T 514-878-2691

To the Shareholders of
Cashbox Ventures Ltd.

Opinion

We have audited the consolidated financial statements of Cashbox Ventures Ltd. (hereafter "the Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income (loss), the consolidated statements of shareholders' equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the "Material uncertainty related to going concern" section of our report, we have determined that there are no other key audit matters to communicate in our auditor's report.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis (MD&A).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 22, 2023

---

[1] CPA auditor, public accountancy permit no. A126944

Cashbox Ventures Ltd.
Consolidated Statements of Financial Position
As at
(In Canadian dollars)

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash		1,054,186	156,315
Term deposits		25,000	-
Accounts receivable		-	38,490
Prepaid expenses		69,016	67,141
		1,148,202	528,034
Long-term			
Prepaid expenses		210,561	266,038
Investment in publicly listed company	6	-	4,000,535
Equipment		-	1,341
Total assets		1,358,763	4,529,910
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	7	100,606	224,575
Current tax liabilities		-	76,898
Note payable to related party	9	-	690,062
Total liabilities		100,606	991,535
Shareholders' equity			
Share capital	8	16,330,247	16,330,247
Contributed surplus		4,881,087	4,839,627
Accumulated other comprehensive income		-	53,626
Deficit		(19,953,177)	(17,685,125)
Total shareholders' equity		1,258,158	3,538,375
Total liabilities and shareholders' equity		1,358,763	4,529,910

Going concern (Note 2)
Subsequent events (Note 15)

On behalf of the Board,

/s/ Connor Cruise
Director

/s/ Murray Hinz
Director

The accompanying notes are an integral part of the consolidated financial statements.

Cashbox Ventures Ltd.
Consolidated Statements of Comprehensive Income (Loss)
(In Canadian dollars)

	Note	For the years ended December 31, 2022	December 31, 2021
		$	$
Revenue		-	69,400
Expenses			
Accretion expense	9	9,938	5,822
Depreciation		1,341	4,625
Insurance		71,102	113,489
Interest expense	9	15,573	13,326
Management fees with the former parent company	9	-	5,000
Marketing		2,785	100,693
Office and administrative		55,348	111,643
Professional fees		233,244	653,475
Salaries and benefits	9	173,319	808,375
Share-based compensation	8	41,460	39,583
Total expenses		604,110	1,856,031
Loss before other items		604,110	1,786,631
Other items			
Change in fair value of investment in publicly listed company	6	(1,824,786)	(3,295,029)
Foreign exchange gain		103,462	-
Gain on disposition of assets	6	-	7,295,564
Gain on disposition of equipment		-	2,400
Total other items		(1,721,324)	4,002,935
Income (loss) before income taxes		(2,325,434)	2,216,304
Current income taxes		(57,382)	76,031
Net income (loss)		(2,268,052)	2,140,273
Item that will be reclassified subsequently to profit or loss			
Foreign currency translation adjustment		(53,626)	(4,811)
Net comprehensive income (loss)		(2,321,678)	2,135,462
Basic income (loss) per share	13	(0.02)	0.02
Diluted income (loss) per share	13	(0.02)	0.02

The accompanying notes are an integral part of the consolidated financial statements.

Cashbox Ventures Ltd.
Consolidated Statements of Shareholders' Equity
For the year ended
(In Canadian dollars)

		Share capital			Other		Total
	Note	**Number**	**Amount**	**Contributed surplus**	**comprehensive loss**	**Deficit**	**shareholders' equity**
			$	$	$	$	$
Balance, December 31, 2020		119,765,484	14,982,206	4,893,306	58,437	(19,825,398)	108,551
Private placement	8	19,000,000	950,000	-	-	-	950,000
Share issuance costs	8	-	(20,000)	-	-	-	(20,000)
Conversion of convertible notes	8	6,094,681	304,734	-	-	-	304,734
Issuance of shares	8	1,750,000	11,435	-	-	-	11,435
Exercise of restricted stock units	8	1,750,000	94,600	(94,600)	-	-	-
Exercise of stock options	8	392,312	4,285	-	-	-	4,285
Share-based compensation credited to share capital on options exercise	8	-	2,987	(2,987)	-	-	-
Equity portion of note payable to related party	8	-	-	15,760	-	-	15,760
Share-based compensation	8	-	-	28,148	-	-	28,148
Foreign currency translation adjustment		-	-	-	(4,811)	-	(4,811)
Net income		-	-	-	-	2,140,273	2,140,273
Balance, December 31, 2021		148,752,477	16,330,247	4,839,627	53,626	(17,685,125)	3,538,375
December 31, 2021		148,752,477	16,330,247	4,839,627	53,626	(17,685,125)	3,538,375
Share-based compensation	8	-	-	41,460	-	-	41,460
Foreign currency translation adjustment		-	-	-	(53,626)	-	(53,626)
Net loss		-	-	-	-	(2,268,052)	(2,268,052)
Balance, December 31, 2022		148,752,477	16,330,247	4,881,087	-	(19,953,177)	1,258,158

The accompanying notes are an integral part of the consolidated financial statements.

Cashbox Ventures Ltd.
Consolidated Statements of Cash Flows
(In Canadian dollars)

	For the years ended December 31, 2022	For the years ended December 31, 2021
	$	$
OPERATING ACTIVITIES		
Income (loss) for the year	(2,268,052)	2,140,273
Items not involving cash:		
Accretion expense	9,938	5,822
Depreciation	1,341	4,625
Interest expense	-	4,734
Share-based compensation	41,460	39,583
Change in fair value of investment in publicly listed company	1,824,786	3,295,029
Foreign exchange gain	(53,626)	-
Gain on disposition of assets	-	(7,295,564)
Gain on disposition of equipment	-	(2,400)
Changes in non-cash working capital items:		
Accounts receivable	38,599	(20,724)
Prepaid expenses	53,652	(310,252)
Trade and other payables	(121,857)	(139)
Current tax liabilities	(76,898)	76,031
Cash used in operating activities	(550,657)	(2,062,982)
INVESTING ACTIVITIES		
Term deposits	(25,000)	-
Proceeds from disposal of investments	2,175,749	-
Proceeds from disposal of equipment	-	2,400
Cash provided by investing activities	2,150,749	2,400
FINANCING ACTIVITIES		
Repayment of note payable to related party	(700,000)	-
Issuance of private placement units	-	950,000
Issuance of convertible notes	-	300,000
Share issuance costs	-	(20,000)
Issuance of note payable to related party	-	700,000
Exercise of stock options	-	4,285
Cash (used in) provided by financing activities	(700,000)	1,934,285
Foreign exchange effect on cash	(2,221)	(3,636)
Increase (decrease) in cash	897,871	(129,933)
Cash, beginning of the year	156,315	286,248
Cash, end of the year	1,054,186	156,315

The accompanying notes are an integral part of the consolidated financial statements.

1. NATURE OF OPERATIONS

Cashbox Ventures Ltd. (hereafter "the Company") was incorporated under the British Columbia Business Corporations Act on April 3, 2018. The Company's head office is in Federal Way, Washington.

The Company owned 100% of the issued and outstanding shares of One Web Services, Inc. (hereafter "One Web") and OWS Canada, Inc. (together "the Group"). OWS Canada, Inc. and One Web were dissolved on April 1, 2022 and June 27, 2022, respectively. All comparative figures are on a consolidated basis.

The Company, together with One Web, operated wikileaf.com, an online price comparison website, to help consumers find location-based pricing information about individual cannabis strains and products, which were the Company's only operating segment until the assets were sold on September 15, 2021.

On March 31, 2021, the parent company of the Company, Feather Company Ltd. (formerly Nesta Holdings Co. Ltd.), sold a portion of the common shares of the Company to a third party and, as a result, it no longer had control over the Company; however, it exercised significant influence. During the year ended December 31, 2021, Feather Company Ltd. sold the remainder of the common shares it held in the Company to various third parties and, as a result, no longer has significant influence on the Company.

On November 3, 2021, the Company changed its name from Wikileaf Technologies Inc. to Cashbox Ventures Ltd.

The Company is listed on the Canadian Securities Exchange (CSE) under the ticker "CBOX.X" (formerly "WIKI").

2. GOING CONCERN

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), in particular on the assumption that the Company will continue as a going concern, meaning it will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

Since its inception, the Company has incurred operating losses. As at December 31, 2022, the Company has an accumulated deficit of $19,953,177 ($17,685,125 as at December 31, 2021). 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 or external financing to cover such expenses.

On September 15, 2021, the Company sold all of its digital and intangible assets (hereafter "the Assets") for a share consideration of the publicly listed company Fire & Flower Holdings Corp., based on the ten-trading-day volume-weighted average price of the shares as of the date of the agreement.

Throughout the year ended December 31, 2022, the Company disposed of its investment in publicly listed company in order to support its cash flow needs. Prior to year-end, the investment in publicly listed company was fully liquidated.

Although the Company was successful in raising funds in the past and liquidated its investment in the publicly listed company 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. Consequently, these material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the consolidated statements of financial position classification have not been adjusted as would be required if the going concern assumption were not appropriate.

3. BASIS OF PRESENTATION

Compliance with International Financial Reporting Standards and judgments and estimates

These consolidated financial statements, including comparatives, have been prepared in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRS issued as of the date the Board of Directors approved the consolidated financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2023.

a. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Judgments

The critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized;

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that could impact the carrying amount of assets and liabilities:

Share-based compensation

The estimation of share-based compensation's fair value and expense requires the selection of an appropriate pricing model.

The model used by the Company for stock options is the Black-Scholes pricing model. The Black-Scholes model requires the Company to make significant judgments regarding the assumptions used within the model, the most significant of which are the expected volatility of the Company's own common shares, the probable life of options granted, the time of exercise, the risk-free interest rate commensurate with the terms of the options, and the expected dividend yield.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that, at some future date, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Overall considerations

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, using the significant accounting policies and measurement bases that are in effect as at December 31, 2022, as summarized below.

4.2 Principles of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries, One Web and OWS Canada, Inc., which all have a reporting date of December 31, up until their dissolutions. The Company controls its subsidiaries if it is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All intercompany transactions and balances are eliminated on consolidation.

4.3 Revenue

Revenue arises primarily from advertising agreements. To determine whether to recognize revenue, the Company follows a five-step process:

(i) Identifying the contract with a customer;
(ii) Identifying the performance obligations;
(iii) Determining the transaction price;
(iv) Allocating the transaction price to the performance obligations;
(v) Recognizing revenue when performance obligations are satisfied.

The vast majority of the Company's customer agreements contain a single performance obligation to provide advertising services on the Company's website over a specific period of time or based upon website traffic.

Revenue is recognized either at a point in time or over time when (or as) the Company satisfies the performance obligation by transferring the promised service to the customer.

4.4 Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rate at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rate at the date when fair value was determined.

Foreign operations

The assets and liabilities of the Company's foreign subsidiary, One Web, whose functional currency is the U.S. dollar, are translated at the exchange rate in effect at the date of the consolidated statements of financial position. Revenue and expenses are translated at monthly average exchange rates over the reporting period. Exchange gains or losses arising from the translation of One Web's financial statements are recognized as accumulated foreign currency translation in the consolidated statements of shareholders' equity.

4.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

The Company's financial assets consist of cash, term deposits, accounts receivable and investment in a publicly listed company. Cash, term deposits and accounts receivable are classified at amortized cost, since they are held within a business model whose objective is to "hold and collect" and the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect is immaterial. The investment in publicly listed company is measured at fair value and is classified at fair value through profit or loss.

The change in fair value of investment in publicly listed company is immediately recognized in the consolidated statements of comprehensive income (loss).

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses arising from financial assets measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Company assesses impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables (except salary payable, vacation accruals and government remittance) and the note payable to related party and are initially classified at amortized cost. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

4.6 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

4.7 Equity

Share capital represents the amount received on the issuance of shares less issuance costs, net of any underlying income tax benefit from the issuance costs.

Accumulated other comprehensive income includes amounts related to cumulative translation adjustments.

Contributed surplus capital includes amounts related to equity-settled share-based compensation until such equity instruments are exercised or settled, in which case the amounts are transferred to share capital or reversed upon forfeiture if not vested. Contributed surplus also includes the value of the warrants issued in connection with the entering into a promissory note with a related party.

Deficit includes all current and prior period losses.

4.8 Units

The proceeds from the issuance of units are allocated between the shares and warrants issued using the residual method. Proceeds are first applied to shares according to the quoted price at the time of issuance and any residual proceeds are allocated to the warrants.

4.9 Warrants

Warrants are classified as equity when they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

4.10 Basic and diluted income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares calculated by dividing the income (loss) by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is determined by adjusting the income (loss) and the weighted average number of common shares outstanding for the effects of all stock options and warrants that may add to the total number of common shares in the case where they would not have an anti-dilutive impact.

4.11 Share-based compensation

The Company uses equity-settled and cash-settled share-based compensation plans for its employees.

Stock options

Stock options are equity-settled share-based compensations, which are measured at the fair value of the services received at the grant date, indirectly by reference to the fair value of the equity instruments granted, estimated using the Black-Scholes option pricing model.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed over the vesting period with a corresponding increase in contributed surplus.

Restricted stock units

The restricted stock units (RSUs) are equity or cash-settled share-based compensation, the ultimate basis of settlement being at the discretion of the Company. RSUs are accounted for as equity-settled share-based compensation due to the stated intent of management and past practices. RSUs are measured at the fair value of the services received at the grant date, indirectly by reference to the fair value of the equity instruments granted, based upon the fair value of the share price as at the date of the grant.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed over the vesting period with a corresponding increase in contributed surplus.

5. NEW OR REVISED ACCOUNTING STANDARDS

5.1 New standard adopted as at January 1, 2021

Some accounting pronouncements, which have become effective from January 1, 2021, were adopted but do not have a significant impact on the Company's financial results or position.

5.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the International Accounting Standards Board (IASB). None of these new standards, amendments to existing standards or interpretations have been early adopted by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments to existing standards and interpretations have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

(In Canadian dollars)

6. SALE OF ASSETS AND INVESTMENT IN PUBLICLY LISTED COMPANY

On September 15, 2021, the Company sold all of its digital and intangible assets (hereafter 'the 'Assets'') for a share consideration valued at $7,500,000 of the publicly listed company Fire & Flower Holdings Corp., 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.'s shares on a basis of 10 for 1, the Company owned 801,710 of such shares.

The sale of the shares was restricted with a four-month holding period from the date of the sale.

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.

The Company's investment is fair valued at the end of each reporting period. The fair value of the common shares of the publicly traded company has been directly referenced to published price quotations in an active market. The carrying value is marked to market and the resulting gain or loss from the investment is recorded in the consolidated statements of comprehensive income (loss).

As at December 31, 2021, the fair value of the shares was $4,000,535, based upon the quoted price of the public shares as at that date.

During the year ended December 31, 2022, the Company sold all of its investments in Fire & Flower Holdings Corp. for gross proceeds of $2,175,749. Accordingly, the Company recognized a loss of $1,824,786 recorded as change in fair value of investment in publicly listed company in the consolidated statements of comprehensive income (loss).

7. TRADE AND OTHER PAYABLES

	2022	2021
	$	$
Trade accounts payable	56,858	117,449
Salary payable	-	54,786
Government remittance	43,748	43,748
Interest payable (Note 9)	-	8,592
	100,606	224,575

8. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

There were no movements in share capital during the year ended December 31, 2022. The Company had 148,752,477 common shares issued and outstanding as at December 31, 2022 and 2021.

During the year ended December 31, 2021, the Company's movements in share capital are detailed as follows:

- 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 consisted 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;

(In Canadian dollars)

- 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 accrued interest of $4,734 were converted into units at the same terms as the March 4, 2021 private placement described above, resulting in the issuance of 6,094,681 units. 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. No amount was allocated to the warrants;

- On November 8, 2021, the Company entered into a consulting agreement whereby the consultant will provide services for one year. The Company issued 1,750,0000 common shares in exchange for the services and the cancellation of 500,000 options held. The transaction value was estimated based on the fair value on the date of the agreement and was determined to be $78,750. Such amount will be recorded over the term of the agreement as share-based compensation. During the year ended December 31, 2022, no amount was recognized (an amount of $11,435 in 2021).

- On December 10, 2021, the Company issued 392,312 common shares upon the exercise of 392,312 stock options at a price of US$0.0086 per option; and

- The Company issued 1,750,000 common shares upon the exercise of 1,750,000 restricted stock units.

Warrants

The Company had the following warrants outstanding as at December 31, 2022:

	Number of warrants	Weighted average exercise price
		$
Granted in 2021	26,594,681	0.07
Balance, December 31, 2022 and 2021	26,594,681	0.07

The following table summarizes information related to warrants as at December 31, 2022 and 2021:

Outstanding	Exercisable	Exercise price	Expiry date
		$	
25,094,681	25,094,681	0.075	March 4, 2023
1,500,000	1,500,000	0.06	October 28, 2024
26,594,681	26,594,681		

Common shares and options held in escrow

As part of the Company becoming a reporting issuer, the Company entered into an escrow agreement whereby 88,065,325 common shares and 10,933,915 stock options were put in escrow. Under the escrow agreement, 10% of the escrowed shares and options were released with the Company becoming a reporting issuer (hereafter "the listing date") with the remaining shares and options being released at a rate of 15% every six months thereafter.

(In Canadian dollars)

In addition, 2,987,742 additional common shares were also put in escrow as voluntarily restricted shares with 25% being released on the listing date and the remaining shares being released at a rate of 25% every three months thereafter.

As at December 31, 2022, there were no common shares and options remaining in escrow (26,419,515 and 859,622 respectively as at December 31, 2021).

Stock options

The Company has adopted a 15% rolling stock option plan (hereafter "the Plan"). Under the Plan, the Company may grant stock options to directors, officers, employees and consultants of the Company. The terms and conditions of the options are determined by the Board of Directors.

As at December 31, 2022, the Company had the following stock options outstanding:

	Number of options	Weighted average exercise price
		$
Balance, December 31, 2020	12,347,900	0.13
Granted	1,000,000	0.07
Exercised	(392,312)	0.01
Forfeited	(6,983,008)	0.10
Balance, December 31, 2021	5,972,580	0.16
Granted	4,610,000	0.03
Forfeited	(2,494,753)	0.12
Balance, December 31, 2022	8,087,827	0.08

During the year ended December 31, 2021, the fair value of the share price at the date on which the 392,312 stock options were exercised was $0.035 per share.

December 31, 2022

Outstanding	Exercisable	Exercise price	Expiry date	Weighted average remaining life (in years)
		$		
260,000	260,000	0.03	May 31, 2023	0.41
341,660	341,660	0.15	October 10, 2028	5.78
1,608,479	1,216,167	0.18	November 26, 2028	5.91
1,500,000	1,500,000	0.25	January 16, 2030	7.05
200,000	200,000	0.05	November 23, 2030	7.90
220,000	220,000	0.07	February 19, 2031	8.14
4,350,000	-	0.03	April 28, 2032	9.33
8,087,827	3,737,827			7.89

(In Canadian dollars)

December 31, 2021

Outstanding	Exercisable	Exercise price	Expiry date	Weighted average remaining life (in years)
		$		
784,624	784,625	0.01	June 1, 2026	5.89
626,028	543,734	0.05	January 1, 2028	6.13
480,000	306,600	0.07	February 19, 2031	9.14
70,370	24,630	0.10	July 20, 2030	8.55
500,000	500,000	0.15	October 10, 2028	6.78
1,831,558	1,213,363	0.18	November 26, 2028	6.81
1,500,000	1,500,000	0.25	January 16, 2030	8.04
180,000	140,400	0.50	May 17, 2029	7.39
5,972,580	5,013,351			7.15

The weighted average exercise price of options exercisable is $0.18 ($0.16 as at December 31, 2021).

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 ten 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 nine 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.

On April 28, 2022, the Company granted 4,350,000 stock options to officers and directors of the Company. The stock options will be vested one-third each on the 12-, 24- and 36-month anniversaries from the grant date. The stock options were valued at $46,450 using the Black-Scholes option pricing model with the assumptions in the table below.

On May 31, 2022, the Company granted 260,000 stock options to the former CFO of the Company. The stock options vest immediately. The stock options were valued at $163 using the Black-Scholes option pricing model with the assumptions in the table below.

	2022	2021
Number of stock options granted	4,610,000	1,000,000
Exercise price ($)	0.03	0.07
Share price at grant date ($)	0.015	0.07
Expected option life	9.5 years	5 years
Expected volatility (a)	73.89%	83.50%
Risk-free interest rate	2.73%	0.72%
Expected dividend yield	0.00%	0.00%
Fair value of stock options granted ($)	46,613	43,978
Fair value of stock options granted per option ($)	0.01	0,04

(In Canadian dollars)

(a) The underlying volatility for the options was determined by reference to historical data of comparable entities.

The total share-based compensation recognized during the year is $41,460 ($39,583 in 2021).

The following table summarizes share-based compensation expense for the years ended December 31, 2022 and 2021:

	2022	2021
	$	$
Stock options	41,460	(38,179)
RSUs	-	66,327
Issuance of shares to a consultant	-	11,435
	41,460	39,583

9. RELATED PARTY TRANSACTIONS

Key management is the personnel having the authority and responsibility for planning, directing and controlling the Company and include the Board of Directors, the CEO and the CFO. Key management compensation included the following:

	Years ended	
	December 31, 2022	December 31, 2021
	$	$
Management compensation	173,319	470,297
Share-based compensation	26,367	83,412
Professional fees	32,500	-
Total	232,186	553,709

There was no amount owed to the CEO of the Company included in trade and other payables (an amount of $54,786 was included in 2021).

Management fees with the former parent company

The Company had an agreement with its former parent company (Feather Company Ltd.), which required the Company to pay a fee of $5,000 in January 2021. Following the payment of the January 2021 management fee, the agreement was terminated. As at December 31, 2022 and 2021, there are no management fees payable. There was no amount included in expenses for the year ended December 31, 2022 (an amount of $5,000 in 2021).

(In Canadian dollars)

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 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. Interest expense recognized during the year ended December 31, 2022 was $15,573 ($13,326 in 2021). Concurrent to the promissory note, the Company issued to 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 holding period. At the inception of the agreement, the Company estimated the fair value of the note payable to related party to be $684,240, using a discount rate of 12%. The net balance of the amount received, $15,760, was attributed to the warrants and was classified to equity into reserves. During the year ended December 31, 2022, the Company recognized accretion expense of $9,938 ($5,822 during the year ended December 31, 2021). The note payable to related party with interest was repaid in full during the year ended December 31, 2022.

10. CAPITAL MANAGEMENT

As at December 31, 2022 and 2021, the Company's capital is composed of cash, term deposits, investment in publicly listed company, note payable to related party and shareholders' equity. A summary of the Company's capital structure is as follows:

	December 31, 2022	December 31, 2021
	$	$
Cash	1,054,186	156,315
Term deposits	25,000	-
Investment in publicly listed company	-	4,000,535
	1,079,186	4,156,850
Note payable to related party	-	690,062
Total shareholders' equity	1,258,158	3,538,375
	1,258,158	4,228,437

The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as items included in shareholders' equity, consisting of the issued common shares. The capital structure of the Company is managed to provide sufficient funding for operating activities. Funds are primarily secured through a combination of selling its investment and equity capital raised by way of private placements and short-term debt. There can be no assurance that the Company will be able to continue raising equity capital and short-term debt in this manner. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other term deposits, which are all held with major financial institutions.

There were no changes to the Company's approach to capital management during the year ended December 31, 2022. The Company is not subject to external capital requirements.

(In Canadian dollars)

11. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The investment in publicly listed company is categorized as a Level 1 fair value measurement based upon quoted prices in active markets for identical assets.

As at December 31, 2022 and 2021, the Company's financial instruments consisted of cash, term deposits, accounts receivable, trade and other payables and note payable to related party. The fair value of these financial instruments approximate their carrying value because of the short-term nature of these instruments.

Financial risks

The Company's risk exposures arising from financial instruments and the impact on the Company's consolidated financial statements are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's cash and term deposits are deposited with high credit rated banks, therefore, the credit risk is limited. The credit risk on accounts receivable is not significant.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The Company's undiscounted financial liabilities are as follows:

	2022	2021
	$	$
Trade and other payables (a)	56,858	126,041
Note payable to related party, including interest	-	724,164
	56,858	850,205

(a) Excluding government remittance, salary payable, termination benefits and vacation accruals.

Market risk

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 three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency 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 denominated in Canadian dollars; however, some expenses are denominated in U.S. dollars. Currency risk results from the Company's expenses denominated in U.S. dollars.

Interest rate risk

The Company is exposed to interest rate risk with respect to financial assets and liabilities bearing variable interest rates.

The term deposits bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The term deposits bear interest at prime rate less 3.2% (3.25%).

Other price risk

The Company was 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. As at December 31, 2021, 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 $400,054.

Economic dependence

During the year ended December 31, 2021, the Company had one main customer with sales representing 57% of the Company's revenue.

12. INCOME TAXES

As at December 31, 2022, the Company has net operating loss carry-forwards of approximately $5,851,000 that may be available to reduce taxable income in future years in various amounts through 2042. The Company has determined that the realization of the future tax benefits arising from the net operating loss carry-forwards are not likely to occur and, therefore, deferred tax assets have not been recognized in the consolidated financial statements.

The following table presents the years of expiration of the Company's unused tax losses carried forward for which no deferred tax assets have been recognized as at December 31, 2022:

	$
2039	2,820,000
2040	2,130,000
2041	261,000
2042	640,000
	5,851,000

(In Canadian dollars)

The reconciliation of the statutory income tax rate to the Company's effective income tax rate is detailed as follows:

	2022	2021
	%	%
Combined federal and provincial income tax rate	27.00	27.00
Foreign income taxed at a higher income tax rate	0.10	1.90
Change in fair value of investment in publicly listed company	(21.20)	40.20
Deferred tax assets not recognized	(5.20)	1.60
Share-based compensation	(0.50)	(0.30)
Utilization of previously unrecognized tax loss carry-forwards	-	(67.00)
Other	2.30	-
	2.50	3.40

The actual tax expense comprises a reimbursement of tax from a previous year for 2022 and current tax expense for 2021.

13. NET INCOME (LOSS) PER SHARE

	December 31, 2022	December 31, 2021
	$	$
Net income (loss) for the year	(2,268,052)	2,140,273
Basic weighted average number of common shares outstanding	148,752,177	141,306,831
Effect on dilutive securities		
Stock options	-	605,074
Diluted weighted average number of common shares outstanding	148,752,477	141,911,905
Basic income (loss) per share	(0.02)	0.02
Diluted income (loss) per share	(0.02)	0.02

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the adequate presentation adopted in the current year.

The main reclassification as at December 31, 2021 was to adequately present the prepaid expenses between current and long-term assets which resulted in a reclassification out of current assets and into long-term assets of $67,141.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company signed a non-binding letter of intent (hereafter "the LOI") with LiCan Exploration Inc. (hereafter "LiCan"). The LOI contemplates that the Company would combine its business operations with LiCan ("the Proposed Transaction").

Proposed Transaction

Pursuant to the Proposed Transaction, the Company would combine its business operations with LiCan, either by (i) the Company (or a newly created subsidiary) acquiring all of the issued and outstanding common shares in the capital of LiCan ("the LiCan Shares"); or (ii) the Company (or a newly created subsidiary) acquiring certain mineral property interests held by LiCan, both in consideration for common shares in the capital of the Company ("the Shares"). In consideration for the LiCan Shares or the property, as applicable, the Company would issue to the holders of the LiCan Shares or LiCan, as the case may be, that number of Shares representing 25% of the issued and outstanding post-consolidation common shares in the capital of the resulting issuer, on a fully diluted basis, before giving effect to a planned concurrent financing (hereafter "the Financing").

Bridge loan

Following the execution and delivery of the LOI by LiCan, the Company will advance to LiCan the principal amount of $200,000 ("the Loan") by April 10, 2023 to be used for general corporate matters and property development, in accordance with the following schedule:

- i) $50,000 within five (5) business days of the execution of the LOI by LiCan;
- ii) $50,000 on or before February 10, 2023;
- iii) $50,000 on or before March 10, 2023; and
- iv) $50,000 on or before April 10, 2023.

The Loan will bear simple interest at the rate of 5% per annum and the outstanding principal amount and accrued interest thereon will be due and payable in full by LiCan on April 10, 2023 ("the Maturity Date"); provided that on or prior to the Maturity Date, LiCan may repay all or part of the Loan from time to time without notice, bonus, penalty or premium; and further provided that, if the Proposed Transaction is structured as an acquisition by the Company of all the outstanding LiCan Shares, then upon the closing of the Proposed Transaction ("the Closing"), the Loan will become an intercompany loan and accounted for accordingly.

Financing

On March 2, 2023, the Company completed a non-brokered, private placement of 17,500,000 subscription receipts in the capital of the Company at a price of $0.10 per subscription receipt for gross proceeds of $1,750,000. Upon the Closing of the Proposed Transaction, each subscription receipt will result in one common share in the capital of the Company (as it will exist following the completion of the Proposed Transaction and after giving effect to a 10:1 consolidation of the Company's common shares).