



# Blockchain Venture Capital

**Interim Condensed Financial Statements**  
Unaudited - See Notice to Reader  
**June 30, 2023 and 2022**  
**(Presented in Canadian Dollars)**

# BLOCKCHAIN VENTURE CAPITAL INC.

June 30, 2023 and 2022

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## **NOTICE TO READER**

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Blockchain Venture Capital Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Financial Position

Unaudited - See Notice to Reader

As at

(Presented in Canadian Dollars)

	Notes	June 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 44,323	\$ 48,512
Prepays and deposits		36,762	100,128
<b>Total Current Assets</b>		<b>81,085</b>	<b>148,640</b>
<b>Non-Current Assets</b>			
Computer equipment		1,107	1,476
<b>Total Assets</b>		<b>\$ 82,192</b>	<b>\$ 150,116</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 665,033	\$ 845,497
Advances from shareholder	3	672,030	164,595
Loan payable	4	40,000	40,000
Long-term debt	5	725,320	691,589
<b>Total Current Liabilities</b>		<b>2,102,383</b>	<b>1,741,681</b>
<b>Equity</b>			
Share capital	6	11,494,289	9,696,689
Shares to be issued	6	61,000	-
Reserves	6	726,213	556,339
Deficit		(14,301,693)	(11,844,593)
<b>Total Equity</b>		<b>(2,020,191)</b>	<b>(1,591,565)</b>
		\$ 82,192	\$ 150,116
<b>Total Liabilities and Equity</b>			<b>\$ 150,116</b>

Approved on Behalf of the Board

*Signed - Xin Zhou*

Director

*Signed - Steve Olsthoorn*

Director

The accompanying notes are an integral part of these interim condensed financial statements.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Comprehensive Loss

Unaudited - See Notice to Reader

Six Months Ended June 30, 2023 and 2022

(Presented in Canadian Dollars)

	Notes	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>Expenses</b>					
Office and general		\$ 600,884	\$ 83,721	\$ 1,612,348	\$ 225,078
Salaries and wages		82,330	122,844	205,826	215,320
Professional fees		126,056	198,568	241,588	417,150
Blockchain costs		82,889	129,553	181,012	248,539
Trustee fees		70,343	70,343	140,686	140,686
Blockchain service fees		-	-	20,000	30,000
Accretion expense	5	16,959	16,286	33,731	32,402
Interest expense		12,805	-	19,435	-
Share-based payments	6 (d)	160	9,672	2,474	19,344
<b>Total Expenses</b>		<b>992,426</b>	<b>630,987</b>	<b>2,457,100</b>	<b>1,328,519</b>
<b>Net Loss and Comprehensive Loss</b>		<b>\$ (992,426)</b>	<b>\$ (630,987)</b>	<b>\$ (2,457,100)</b>	<b>\$ (1,328,519)</b>
<b>Weighted Average Number of Shares Outstanding</b>					
		26,927,932	23,250,647	26,927,932	23,200,120
<b>Loss Per Share - Basic and Diluted</b>					
		<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.09)</b>	<b>\$ (0.06)</b>

The accompanying notes are an integral part of these interim condensed financial statements.

## BLOCKCHAIN VENTURE CAPITAL INC.

### Interim Condensed Statement of Changes in Equity

Unaudited - See Notice to Reader

Six Months Ended June 30, 2023 and 2022

(Presented in Canadian Dollars)

	Notes	Number of Common Shares	Share Capital	Shares to be Issued	Reserves	Deficit	Total Equity
<b>Balance as at December 31, 2021</b>		22,945,260	\$ 3,691,478	\$ 271,303	\$ 323,784	\$ (4,746,068)	\$ (459,503)
Private placements	6	314,618	500,302	(271,303)	-	-	228,999
Share issuance costs	6	-	(91,010)	-	-	-	(91,010)
Shares to be issued	6	-	-	752,950	-	-	752,950
Share-based payments		-	-	-	19,344	-	19,344
Net loss		-	-	-	-	(1,328,519)	(1,328,519)
<b>Balance as at June 30, 2022</b>		23,259,878	\$ 4,100,770	\$ 752,950	\$ 343,128	\$ (6,074,587)	\$ (877,739)

	Notes	Number of Common Shares	Share Capital	Shares to be Issued	Reserves	Deficit	Total Equity
<b>Balance as at December 31, 2022</b>	6	26,552,219	\$ 9,696,689	\$ -	\$ 556,339	\$ (11,844,593)	\$ (1,591,565)
Private placements	6	1,572,000	1,797,600	-	167,400	-	1,965,000
Shares to be issued	6	-	-	61,000	-	-	61,000
Share-based payments		-	-	-	2,474	-	2,474
Net loss		-	-	-	-	(2,457,100)	(2,457,100)
<b>Balance as at June 30, 2023</b>		28,124,219	\$ 11,494,289	\$ 61,000	\$ 726,213	\$ (14,301,693)	\$ (2,020,191)

The accompanying notes are an integral part of these interim condensed financial statements.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Cash Flows

Unaudited - See Notice to Reader

Six Months Ended June 30, 2023 and 2022

(Presented in Canadian Dollars)

	2023	2022
<b>Operating Activities</b>		
Net loss	\$ (2,457,100)	\$ (1,328,519)
<b>Item not requiring an outlay of cash:</b>		
Accretion expense	33,731	32,402
Share-based payments	2,474	19,344
Depreciation expense	369	879
Interest accrued	19,435	-
<b>Changes in non-cash working capital:</b>		
Prepays and deposits	63,366	17,791
Accounts payable and accrued liabilities	(180,464)	158,570
<b>Cash Used In Operating Activities</b>	<b>(2,518,189)</b>	<b>(1,099,533)</b>
<b>Financing Activities</b>		
Proceeds from issuance of common shares	1,965,000	981,949
Proceeds from advances from shareholder	488,000	100,000
Share issuance costs	-	(91,010)
Shares to be issued	61,000	-
<b>Cash Provided By Financing Activities</b>	<b>2,514,000</b>	<b>990,939</b>
<b>Net Decrease in Cash</b>	<b>(4,189)</b>	<b>(108,594)</b>
<b>Cash, Beginning of Period</b>	<b>48,512</b>	<b>229,462</b>
<b>Cash, End of Period</b>	<b>\$ 44,323</b>	<b>\$ 120,868</b>
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these interim condensed financial statements.

# **BLOCKCHAIN VENTURE CAPITAL INC.**

## **Notes to the Interim Condensed Financial Statements**

Unaudited - See Notice to Reader

**June 30, 2023 and 2022**

**(Presented in Canadian Dollars)**

### **1. NATURE OF THE BUSINESS AND GOING CONCERN**

Blockchain Venture Capital Inc. ("BVCI" or the "Company") is a proprietary blockchain platform and ledger technology company which owns a stablecoin CADT and related BvcPay applications. The Company was incorporated in Ontario on June 18, 2018 and performed a reverse takeover and amalgamation with Flexwork Properties Ltd. on August 3, 2022. BVCI is domiciled in the Province of Ontario and has its registered office at 130 King Street West, Suite 1800, Toronto, ON M5X 1E3. The Company is publicly-traded on the Canadian Securities Exchange ("CSE") under the ticker symbol "BVCI".

As at the date hereof, the Company is not currently offering its CADT stablecoin for sale or offering the use of applications such as BvcPay, as such services will require its registration as a securities dealer in accordance with applicable securities laws, and such registration has not yet been granted.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. These financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business. These circumstances create material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The Board of Directors approved these interim financial statements for issue on August 25, 2023.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These interim condensed financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS.

These interim condensed financial statements for the six months ended June 30, 2023 should be read together with the annual financial statements as at and for the year ended December 31, 2022. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements, as described in note 3 of the annual audited financial statements.

#### **Basis of Measurement**

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

#### **Functional and Presentation Currency**

The Company's functional and presentation currency is the Canadian dollar.



# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

Unaudited - See Notice to Reader

June 30, 2023 and 2022

(Presented in Canadian Dollars)

### 2. BASIS OF PREPARATION (Continued)

#### Critical Accounting Judgments, Estimates, and Assumptions

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Estimates and assumptions are continuously 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. Uncertainty about these judgments, estimates, and assumptions could result in material adjustment to the carrying amount of the asset or liability affected in future periods.

The judgments, estimates, and assumptions involved in preparing these interim condensed financial statements are the same as those disclosed in the annual audited financial statements.

### 3. ADVANCES FROM SHAREHOLDER

The Company has received advances from its President for general working capital purposes. These advances are unsecured, interest-bearing at 15% per annum, and were initially due on June 29, 2023. The lender agreed to extend the due date of the advances by a further one year to June 30, 2024.

The following is a continuity of advances from shareholder:

	<b>2023</b>	
Balance - beginning of period	\$	164,595
Advances received		488,000
Interest accrued		19,435
Balance - end of period	\$	672,030

### 4. LOAN PAYABLE

The Company received a loan of \$60,000 from the Government of Canada under the Canadian Emergency Business Account ("CEBA") program in response to the COVID-19 pandemic. The loan is non-interest bearing and is due December 31, 2023. The lender will forgive \$20,000 of the loan if \$40,000 is repaid before December 31, 2023. If the loan is not repaid before that date, the loan will renew for a further two years to December 31, 2025 and will become interest bearing at 5% per annum during the extended term. As at June 30, 2023 and December 31, 2022, this loan is presented at a carrying value of \$40,000.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 5. LONG-TERM DEBT

Long-term debt is due to Jiangsu Hengwell Information Technology Co., Ltd., a blockchain development company located in Wuxi, China. The debt is unsecured, non-interest bearing and is due November 10, 2023. The debt has been recorded at its present value utilizing a discount rate of 10% per annum.

The following is a continuity of long-term debt:

	2023	
	Principal	Carrying Value
Balance - beginning of period	\$ 750,000	\$ 691,589
Accretion expense	-	33,731
Balance - end of period	\$ 750,000	\$ 725,320

### 6. EQUITY

#### (a) Authorized

Unlimited common shares, no par value

#### (b) Issued and Outstanding

During the six months ended June 30, 2022, the Company transacted in its issued and outstanding common shares as follows:

- (i) Issued 257,868 common shares at \$1.50 per share and 56,750 common shares at \$2.00 per share in private placements for gross proceeds of \$500,302.
- (ii) Paid referral fees of \$91,010 which are categorized as share issuance costs.

During the six months ended June 30, 2023, the Company transacted in its issued and outstanding common shares as follows:

- (i) Issued 492,000 common shares at \$1.25 per share in private placements for gross proceeds of \$615,000.
- (ii) Issued 1,080,000 units at \$1.25 per unit in private placements for gross proceeds of \$1,350,000. Each unit is comprised of one common share and one-half warrant. Each warrant is exercisable at a price of \$1.50 per share for two years from the date of issuance.

#### (c) Shares to be Issued

During the six months ended June 30, 2023, the Company received \$61,000 in respect of common shares to be issued.

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### 6. EQUITY (Continued)

#### (d) Stock Options

Stock options are awarded to directors and officers under an incentive stock option plan adopted on August 31, 2020. The maximum number of options that may be granted under the plan is limited to 10% of the total number of issued and outstanding common shares. The exercise prices of options are determined by the Board to be an amount greater than or equal to the fair market value of the underlying common shares on the grant date. Expiry dates and vesting conditions are determined by the Board on the grant date. Options belonging to former directors or officers are cancelled after 60 days from the date the individual ceases to provide services to the Company.

The following table reflects the continuity of stock options:

	June 30, 2023	
	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	695,880	\$ 0.64
Granted (i)	300,000	1.50
Exercised	-	-
Expired	(50,000)	1.50
Outstanding, end of period	945,880	\$ 0.85
Exercisable, end of period	645,880	\$ 0.55

- (i) On June 26, 2023, the Company granted 300,000 options to consultants for services rendered. The options are exercisable at \$1.50 per share and expire June 30, 2025. One quarter of the options vest on September 30, 2023, one quarter vest on December 31, 2023, one quarter vest on March 31, 2024, and the final quarter vest on June 30, 2024.

Options granted are accounted for by the fair value method of accounting, whereby share-based payments are recorded over the vesting period and reserves are credited for options granted.

The fair value of stock options granted during the year ended June 30, 2023 was calculated as \$0.22 per option, based on the Black-Scholes option pricing model. Share-based payments expense for options vested during the six months ended June 30, 2023 was \$2,474 (2022 - \$19,344).

The fair value of the options granted was estimated at the grant date using the following weighted average assumptions:

	2023	
Share price	\$	0.65
Expected volatility		100%
Dividend yield		0%
Risk-free interest rate		4.47%
Expected life		2 years
Expected forfeiture rate		0%

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 6. EQUITY (Continued)

#### (d) Stock Options (Continued)

The expected volatility is based on management's estimate of the volatility in the Company's share price over the life of the options, based on a comparison with other similar entities. The Company has not paid any cash dividends historically and does not have any plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian benchmark bonds with an equivalent term to maturity. The expected life of the options is based on management's estimate of the time that the options will be outstanding.

The Company had the following stock options outstanding as at June 30, 2023:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
620,000	620,000	\$0.53	October 1, 2025	2.26 years
25,880	25,880	\$1.06	July 18, 2023	0.05 years
300,000	-	\$1.50	June 30, 2025	2.00 years
945,880	645,880			2.12 years

#### (e) Warrants

The following table reflects the continuity of warrants:

	June 30, 2023	
	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	242,858	\$ 1.79
Issued (i)	540,000	1.50
Exercised	-	-
Expired	-	-
Outstanding, end of period	782,858	\$ 1.59

- (i) On May 24, 2023, the Company issued 540,000 warrants in a unit private placement, which are exercisable at \$1.50 and expire May 25, 2025.

The fair value of warrants issued during the year ended June 30, 2023 was calculated as \$0.31 per warrant, based on the Black-Scholes option pricing model. The value assigned to warrants issued during the six months ended June 30, 2023 was \$167,400 (2022 - \$Nil).

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## Notes to the Interim Condensed Financial Statements

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### 6. EQUITY (Continued)

#### (e) Warrants (Continued)

The fair value of the warrants issued was estimated at the issue date using the following weighted average assumptions:

	2023
Share price	\$ 0.79
Expected volatility	100%
Dividend yield	0%
Risk-free interest rate	4.22%
Expected life	2 years

The expected volatility is based on management's estimate of the volatility in the Company's share price over the life of the warrants, based on a comparison with other similar entities. The Company has not paid any cash dividends historically and does not have any plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian benchmark bonds with an equivalent term to maturity. The expected life of the warrants is based on management's estimate of the time that the warrants will be outstanding.

The Company had the following warrants outstanding as at June 30, 2023:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
100,000	\$1.50	November 16, 2026	3.38 years
57,143	\$2.00	July 15, 2024	1.04 years
85,715	\$2.00	July 27, 2024	1.08 years
540,000	\$1.50	May 25, 2025	1.90 years
782,858			1.94 years

#### (f) Reserves

Reserves are comprised of the initial fair value of stock options granted and warrants issued.

#### (g) Maximum Share Dilution

The following table presents the maximum number of common shares that would be outstanding if all dilutive instruments were exercised:

	June 30, 2023	June 30, 2022
Common shares outstanding	28,124,219	23,259,878
Stock options outstanding	645,880	206,665
Warrants outstanding	782,858	100,000
Fully diluted common shares outstanding	29,552,957	23,566,543

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 7. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations. The Company's related party transactions are as follows:

- (a) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. BVCI considers its President to be the sole member of key management. The President is also a significant shareholder and is a director of the Company. Compensation paid to key management was expensed as follows in the statement of comprehensive loss:

	2023	2022
Salaries and benefits	\$ 72,000	\$ 48,000
Share-based payments	-	2,601
	\$ 72,000	\$ 50,601

- (b) Advances from the President of the Company are described in note 3. Interest incurred on these advances totaled \$19,435 for the six months ended June 30, 2023 (2022 - \$Nil).
- (c) During the six months ended June 30, 2023, the Company incurred advertising expenses of \$10,000 (2022 - \$44,070) to The Justin Poy Agency, which is a company controlled by a director.
- (d) During the six months ended June 30, 2023, the Company incurred anti-money laundering consulting fees of \$15,571 (2022 - \$12,529) to The AML Shop, which is a company controlled by a director.

### 8. COMMITMENTS

In connection with the sale of the underlying blockchain technology mentioned in note 5, Jiangsu Hengwell Information Technology Co. Ltd. will also provide software maintenance and support to the Company on a 24 hour, 7 days per week basis, for a minimum annual service fee of \$24,000.

### 9. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	June 30, 2023	December 31, 2022
Share capital	\$ 11,494,289	\$ 9,696,689
Shares to be issued	61,000	-
Reserves	726,213	556,339
Deficit	(14,301,693)	(11,844,593)
	\$ (2,020,191)	\$ (1,591,565)

The Company's objectives in managing capital are to:

- (a) Ensure the Company maintains the minimum level of capital required to effectively operate its business;
- (b) Ensure the Company's ability to provide capital growth to its shareholders; and
- (c) Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 9. MANAGEMENT OF CAPITAL (Continued)

To maintain its capital structure, the Company keeps all of its assets in very liquid form. The Company's primary sources of capital were proceeds from the issuance of shares. There were no changes in the Company's approach to capital management during the periods presented. The Company are not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

### 10. FINANCIAL RISK MANAGEMENT

#### Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, advances from shareholder, loan payable, and long-term debt. The fair values of these instruments, except for loan payable and long-term debt, approximate their carrying values due to the short-term nature of these instruments. The loan payable and long-term debt are carried at their present value, which is the discounted value of the cash flows required to settle the obligation.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at June 30, 2023, the Company has liabilities of \$2,102,383 due within twelve months and has cash of \$44,323 to meet its current obligations (December 31, 2022 - liabilities of \$1,741,681 and cash of \$48,512). The company is a pre-revenue business and is dependent on raising money through equity financing to continue as a going concern. As a result, management has judged liquidity risk to be high.

The following are the Company's financial obligations based on their due dates:

	Payments due by period			Total
	Less than 1 year	1 - 3 years	4 - 5 years	
June 30, 2023				
Accounts payable	\$ 665,033	\$ -	\$ -	\$ 665,033
Advances to shareholder	672,030	-	-	672,030
Loan payable	40,000	-	-	40,000
Long-term debt	750,000	-	-	750,000
	\$ 2,127,063	\$ -	\$ -	\$ 2,127,063
December 31, 2022				
Accounts payable	\$ 845,497	\$ -	\$ -	\$ 845,497
Advances to shareholder	164,595	-	-	164,595
Loan payable	40,000	-	-	40,000
Long-term debt	750,000	-	-	750,000
	\$ 1,800,092	\$ -	\$ -	\$ 1,800,092

# **BLOCKCHAIN VENTURE CAPITAL INC.**

## **Notes to the Interim Condensed Financial Statements**

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**June 30, 2023 and 2022**

**(Presented in Canadian Dollars)**

### **10. FINANCIAL RISK MANAGEMENT (Continued)**

#### **Credit Risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. As at June 30, 2023, the Company's maximum exposure to credit risk is \$44,323 and is comprised of cash (December 31, 2022 - \$48,512). All of the Company's cash is held at a chartered bank in Canada. Management has judged credit risk to be low.

### **11. SUBSEQUENT EVENTS**

On July 18, 2023, 25,880 stock options expired unexercised.

On August 9, 2023, the Company issued 100,000 common shares pursuant to the exercise of options at \$0.53 per share.