Billy Goat Brands Ltd.

Condensed Interim Financial Statements

For the three months ended March 31, 2022 and 2021

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Billy Goat Brands Ltd.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		March 31, 2022		December 31, 2021 (Audited)
ASSETS				
Current				
Cash	$	370,622	$	672,782
Loan receivable (Notes 5 and 9)		260,418		205,000
Prepaid expenses (Note 6)		924,692		1,315,266
		1,555,732		2,193,048
Investments (Notes 4 and 8)		9,020,818		8,821,581
TOTAL ASSETS	$	**10,576,550**	$	11,014,629
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 9)	$	225,043	$	130,019
Loan payable (Notes 7 and 9)		121,979		-
		347,022		130,019
Derivative liability (Note 4)		-		74,000
TOTAL LIABILITIES		**347,022**		204,019
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		15,509,465		15,359,465
Subscription received in advance (Notes 8 and 11)		100,000		-
Reserves (Note 8)		1,890,348		1,571,338
Deficit		(7,270,285)		(6,120,193)
TOTAL SHAREHOLDERS' EQUITY		**10,229,528**		10,810,610
TOTAL LIABILITIES AND SHAREHOODERS' EQUITY	$	**10,576,550**	$	11,014,629

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board on May 30, 2022.

"Tony Harris", Director "Kerry Biggs" , Director

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

Billy Goat Brands Ltd.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		For the three months ended March 31, 2022		For the three months Ended March 31, 2021
Operating Expenses				
Advertising and promotions	$	235,688	$	10,886
Management fees (Note 9)		104,813		30,000
Office and miscellaneous		78,770		391
Professional fees		68,388		161,192
Share based compensation (Notes 8 and 9)		469,010		1,265,852
Consulting fees (Note 9)		317,908		-
Transfer agent and filing fees		23,922		-
Loss before other income (loss)	$	**(1,298,499)**		(1,468,321)
Other income (loss)				
Interest income (Note 4)		47,189		-
Foreign exchange		39,138		-
Fair value loss on Sophie's Kitchen investment (Note 4)		(11,920)		-
Gain on derivative liability (Note 4)		74,000		-
Net Loss and Comprehensive Loss for the Period	**$**	**(1,150,092)**	**$**	(1,468,321)
Net Loss per Share, Basic and Diluted	**$**	**(0.01)**	**$**	(0.07)
Weighted Average Number of Shares Outstanding		**102,333,672**		21,299,820

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

Billy Goat Brands Ltd.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital		Amount		Subscription Received in Advance	Reserves		Deficit		Total
Balance, December 31, 2020	**4,000,002**	**$**	**20,000**	**$**	**-**	**$**	**393,500**	**$**	**(37,017)**	**$ 376,483**
Shares issued for private placement, net	26,190,000		2,974,429		-		9,071		-	2,983,500
Shares issued for investment	21,995,600		1,099,780		-		94,198		-	1,193,978
Subscription received	-		-		2,347,091		-		-	2,347,091
Share based compensation	-		-		-		1,265,852		-	1,265,852
Net and comprehensive loss for the period	-		-		-		-		(1,468,321)	(1,468,321)
Balance, March 31, 2021	**52,185,602**	**$**	**4,074,209**		**2,347,091**		**1,762,621**		**(1,505,338)**	**6,698,583**
Balance, December 31, 2021	**102,160,339**	**$**	**15,359,465**	**$**	**-**	**$**	**1,571,338**	**$**	**(6,120,193)**	**$ 10,810,610**
Restricted share units	**600,000**		**150,000**		**-**		**(150,000)**		**-**	**-**
Subscription received in advance	-		-		100,000		-		-	100,000
Share based compensation	-		-		-		469,100		-	469,100
Net and comprehensive loss for the period	-		-		-		-		(1,150,092)	(1,150,092)
Balance, March 31, 2022	**102,760,339**	**$**	**15,509,465**	**$**	**100,000**		**1,890,348**		**(7,270,285)**	**(10,229,528)**

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

Billy Goat Brands Ltd.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		For the three months ended March 31, 2022		For the three months ended March 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	$	(1,150,092)	$	(1,468,321)
Items not affecting cash:				
Foreign exchange gain		(42,089)		-
Share based compensation		469,010		1,265,852
Fair value loss on Sophie's Kitchen investment		11,920		-
Gain on derivative liability		(74,000)		-
Interest income		(47,189)		-
Interest expense		100		-
Changes in non-cash working capital:				
Prepaid expenses		390,574		-
Accounts payable and accrued liabilities		95,024		43,956
		(346,742)		(158,513)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares		-		2,983,500
Loan payable		121,879		-
Proceeds received in advance for options exercised		100,000		2,347,091
		221,879		5,330,591
CASH FLOWS USED IN INVESTING ACTIVITIES				
Loan receivable		(55,418)		(718,786)
Investment in Evanesce		(121,879)		-
Investment in Vegetarian Butcher		-		(350,000)
		(177,297)		(1,068,786)
NET CHANGE IN CASH		(302,160)		4,103,292
CASH – beginning of period		672,782		409,966
CASH – end of period	$	370,622	$	4,513,258
Supplemental cash flow information				
Interest paid	$	-	$	-
Taxes paid		-		-

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

1. Nature of Operations and Going Concern

Billy Goat Brands Ltd. (the "Company" or "Billy") is an investment holding firm focused on investments and acquisition of assets in the functional foods, plant-based proteins, and health and wellness space. The Company was formed on September 22, 2020 under the Business Corporations Act in the Province of British Columbia, Canada. On January 5, 2021, the Company changed its name from 1266663 B.C. Ltd. to Billy Goat Brands Ltd.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2022, the Company had not achieved profitable operations, had an accumulated deficit of $7,270,285 (December 31, 2021 - $6,120,193), and expects to incur further losses in the development of its business. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations.

During 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) Statement of Compliance and Presentation

These condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and therefore, these interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 30, 2022.

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Functional and Presentation Currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these condensed interim financial statements are expressed in Canadian dollars, unless otherwise indicated.

c) Significant Accounting Judgments and Estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

2. Basis of Presentation (continued)

a) Significant Accounting Judgment and Estimates (continued)

Actual outcomes could differ from these estimates. Estimates and assumptions are pervasive throughout the financial statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods impacted.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. Going concern

The assessment of whether the concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

ii. Investment entity

Management has applied judgment in determining whether the Company meets the criteria required under IFRS 10, in order to be classified as an investment entity. Management has applied the following typical characteristics of an investment entity: a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

iii. Investments

Where the fair values of investments in private companies recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value.

iv. Loans receivable

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

v. Share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

a) Significant Accounting Judgment and Estimates (continued)

vi. Derivative liability

Certain of the Company's liabilities such as the derivative liability are measured at fair value. The estimated fair value of financial liabilities, by their very nature, are subject to measurement uncertainty. The Company estimates fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

vii. Non-monetary transaction

Shares and warrants issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares and warrants issued for consideration will be valued at the quoted market price or estimated using the Black-Scholes option pricing model at the date of issuance.

3. Significant Accounting Policies

In preparing these condensed interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended December 31, 2021.

4. Investments

At March 31, 2022, the Company held the following investments:

	Number of Shares	Cost	Fair Value
Private Companies			
Vegetarian Butcher Inc.	**1,842,105**	$ 350,000	$ 350,000
Funguys Beverage Inc.	**100**	2,535,132	1,298,236
Sophie's Kitchen, Inc.	**4,749,425**	5,884,606	6,020,299
Evanesce Packaging Solutions Inc.	**72,918**	271,880	271,880
Warrants			
Sophie's Kitchen, Inc.		$ -	$ 1,080,403
		$ 9,041,618	**$ 9,020,818**

(Expressed in Canadian Dollars)

4. Investments (continued)

At December 31, 2021, the Company held the following investments:

	Number of Shares		Cost		Fair Value
Private Companies					
Vegetarian Butcher Inc.	**1,842,105**	$	350,000	$	350,000
Funguys Beverage Inc.	**100**		2,535,132		1,298,236
Sophie's Kitchen, Inc.	**1,531,751**		1,889,850		2,022,866
Evanesce Packaging Solutions Inc.	**41,667**		150,001		119,001
Credit Facility					
Sophie's Kitchen, Inc.		$	3,761,182	$	5,000,478
Warrants					
Evanesce Packaging Solutions Inc.			-		31,000
		$	**8,686,165**	**$**	**8,821,581**

As at March 31, 2022, the fair value of the warrants held at period end were revalued using the Monte Carlo simulation model with the following inputs:

	Volatility factor	Risk-free interest rate	Expected life (years)	Expected dividend yield	Share price
Sophie's Kitchen, Inc.	55%	1.50%	8.96	0%	US$1.04

Funguys Beverage Inc.

On February 8, 2021, the Company acquired all of the issued and outstanding common shares of Funguys Beverage Inc. ("Funguys") for 21,995,600 common shares of the Company at a price of $0.10 per share and 10,997,800 warrants at an exercise price of $0.25, exercisable for a period of twenty-four months following the closing date.

The fair value of the warrants was estimated to be $335,572 using the Black-Scholes option pricing model with the following assumptions: term - 2 years, expected volatility - 100%, risk-free rate - 0.18%, and expected dividends - zero. Funguys' principal business is the development of mushroom infused cold coffee drinks. As at March 31, 2022 and December 31, 2021, the fair value of the investment in Funguys was determined to be to be $1,298,236 resulting in a fair value loss of $Nil (2021 – $1,236,986).

Vegetarian Butcher Inc.

On February 10, 2021, the Company acquired 1,842,105 common shares of The Vegetarian Butcher Inc. ("Vegetarian"), for a 12.4% ownership of Vegetarian, at $0.19 per share for a total of $350,000. The Company issued 200,000 finders' common shares in connection with the purchase of Vegetarian common shares at a value of $0.25 per share (see note 8). As at March 31, 2022, there were no changes related to the fair value of the investment.

4. Investments (continued)

Sophie's Kitchen, Inc.

On February 8, 2021, the Company entered into a loan agreement where the Company agreed to loan CAD$614,673 (US$500,000) at the rate of 6% interest per annum with a maturity date of June 30, 2022 to Sophie's Kitchen, Inc. ("Sophie's Kitchen"). The loan was to be used for general working capital purposes in connection with the development and expansion of the existing operations of Sophie's Kitchen.

On March 15, 2021, the Company entered into a credit facility agreement with Sophie's Kitchen to establish a credit facility in the principal amount of US$3,000,000 (the "SF Credit Facility") at the rate of 6% interest per annum with a maturity date twelve months after closing. The SF Credit Facility permits short term loans for general working capital purposes of Sophie's Kitchen. The maximum monthly draw from the SF Credit Facility is US$500,000.

The Company received share purchase warrants entitling the Company to acquire additional common shares of Sophie's Kitchen with a value of US$1,500,000 based on a twenty percent discount from the post-subscription valuation of Sophie's Kitchen immediately prior to a public listing of Sophie's Kitchen. These warrants can be converted to Sophie's Kitchen common equity at any time prior to the warrant maturity date of March 15, 2031. In connection to the warrants, the Company originally recognized the value of the warrants for $1,250,000. On December 31, 2021, the Company revalued the warrants to $1,095,000. As at March 31, 2022, the Company revalued the warrants to be $1,080,403 and recognized a loss on change of fair value of $14,597 (2021- $Nil).

The Company also had a share subscription option within the SF Credit Facility at a predetermined valuation, to acquire additional common shares of Sophie's Kitchen with a value of US$2,400,000, less the accrued interest and an in-kind investment in the amount of US$218,500. Where the US$218,500 represented an outstanding liability of Sophie's Kitchen that would be settled through the issuance of the Company's common shares. This US$2,400,000 subscription option expired on March 31, 2022, the maturity date of the SF Credit Facility.

Sophie's Kitchen had the option to cause the Company to acquire additional Sophie's Kitchen shares valued at US$2,000,000, less accrued interest ("Sophie's Kitchen Option"). The consideration paid by the Company for the Sophie's Kitchen Option was in the form of common shares of the Company based on a price of $0.25 per share. In connection with the Sophie's Kitchen Option, the Company originally recognized a derivative liability for $976,000. As at March 31, 2022, the derivative liability was valued at $nil (2021 - $74,000) as the option expired unexercised on March 15, 2022.

On July 7, 2021, the Company acquired 1,531,751 Sophie's Kitchen shares. In consideration for the Sophie's Kitchen shares acquired, the Company made cash payments of $1,212,524 and issued 2,709,304 common shares. Of the 2,709,304 common shares, 1,092,500 common shares were issued in connection to the in-kind investment for the settlement of US$218,500 (described above). The cost of the investment in Sophie's Kitchen was valued at $1,889,850 at December 31, 2021. At December 31, 2021, the Company recognized a gain on change of fair value of $133,016 resulting in an investment in Sophie's Kitchen to $2,022,866 at year end.

The Company issued 1,500,000 finders' common shares in connection with the SF Credit Facility at a value of $0.25 per share (note 8).

On March 15, 2022, total drawdowns of $3,994,756 (December 31, 2021 - $3,905,478) were made as per the SF Credit Facility, which includes interest accrual of $153,856 (December 31, 2021 - $103,043). On March 15, 2022, the principal and accrued interest on the credit facility were automatically converted into 3,217,674 common shares of Sophie's Kitchen. As at March 31, 2022, the fair value of Sophie's Kitchen investment in common shares is $6,020,299 (December 31, 2021 - $2,022,866) The Company recognized a fair value gain of $2,677 (2021 - $nil) during the three months ended March 31, 2022.

(Expressed in Canadian Dollars)

4. Investments (continued)

Evanesce Packaging Solutions Inc.

On August 13, 2021, the Company subscribed for 41,667 units at $3.60 per unit of Evanesce Packaging Solutions Inc. ("Evanesce"), Each unit consists of one common share of Evanesce and one-half common share purchase warrant. Each whole warrant entitles the Company to purchase one additional common share for a period of two years at a price of $3.90 if exercised in the first twelve months following issuance or $4.80 if exercised after twelve months following issuance. The fair value of the units was allocated to the shares and warrants using the Black-Scholes option pricing model with the inputs described above.

During the period ended March 31, 2022, the Company acquired 31,251 common shares in Evanesce through the exercise of 20,834 warrants at an exercise price of $3.90 for cash consideration of $121,879. In connection with the early exercise, the Company received an additional 10,417 incentive warrants in Evanesce. At March 31, 2022, the fair value of the investment was $271,880 (December 31, 2021 - $150,001), resulting in $Nil fair value gain or loss.

5. Loan Receivable

During the period ended March 31, 2022, the Company loaned Funguys an $55,418 (2021 - $nil) for working capital purposes. As at March 31, 2022, the loan receivable balance is $260,418 (2021 - $205,000). The loan accrues zero-interest and is repayable on demand. The loan constitutes a related party transaction (see note 9).

6. Prepaids

At March 31, 2022, the Company had the following prepaid expenses:

Types of services		**Amount**
Marketing	$	396,674
Consulting		441,353
Computer software		2,915
Legal		15,000
Insurance		68,750
	$	**924,692**

During the period ended March 31, 2022, the Company entered into the following significant marketing contract:

On February 23, 2022, the Company entered into a six-month marketing agreement with North Equities Corp. for CAD$105,000.

At December 31, 2021, the Company had the following prepaid expenses:

Types of services		**Amount**
Marketing	$	472,949
Corporate services		6,615
Consulting		709,789
Computer software		4,663
Legal		15,000
Insurance		106,250
	$	**1,315,266**

6. Prepaids (continued)

During the year ended December 31, 2021, the Company entered into the following significant contracts for marketing and consulting services:

On May 1, 2021, the Company entered into a twelve-month consulting agreement with Wallace Hill Partners Ltd. ("Wallace Hill") for $500,000. Wallace Hill participated in the Company's special warrant offering completed on May 18, 2021 (note 7) for 800,000 special warrants at a price of $0.50 per special warrant for total proceeds of $400,000. On October 13, 2021, the Company granted 2,000,000 Restricted Share Units ("RSU") to Wallace Hill with an exercise price of $0.25 per option expiring October 13, 2026 (note 8).

On September 13, 2021, the Company entered into a twelve-month marketing agreement with Future Money Trends, LLC for CAD$637,440 (US$500,000).

On October 1, 2021, the Company entered into a fifteen-month consulting agreement with Pro Return AG for CAD$582,836 (EUR€400,000).

7. Loan Payable

During the period ended March 31, 2022, the Company entered into a single advance credit facility agreement with a related party. The credit facility has a limit of $121,879 and carries an interest rate of 1% per month, compounded monthly. The credit facility is due on the earlier of (1) July 1, 2022; and (2) the Company completing a financing. As at March 31, 2022, $121,979 (2021 - $Nil) was outstanding, which includes interest accrual of $100 (2021 - $Nil).

8. Share Capital

Authorized
Unlimited common shares without par value.

Escrow Shares
At March 31, 2022, there were 12,623,579 (2021 – 15,148,294) shares held in escrow and 2,524,715 will be released on each of the following dates: September 16, 2022, March 16, 2023, September 16, 2023, March 16, 2024 and September 16, 2024.

Common Shares
During the period ended March 31, 2022, the Company had the following transactions that resulted in the issuance of its common shares:

On February 24, 2022 and March 14, 2022, 300,000 RSUs and 300,000 RSUs respectively, were converted and the Company issued an aggregate of 600,000 common shares pursuant to the conversion.

During the period ended March 31, 2022, the Company received in advance, the proceeds of $100,000 pursuant to the options subsequently exercised (Note 11).

Stock options – Directors, Officers, Employees and Consultants

The Company adopted a stock option plan and may, from time-to-time, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant.

(Expressed in Canadian Dollars)

8. Share Capital

Stock options – Directors, Officers, Employees and Consultants (continued)

The continuity for stock options granted to directors, officers, employees and consultants of the Company for the period ended March 31, 2022 is as follows:

Grant Date	Expiry date	Number of options		Exercise price
May 7, 2021	May 7, 2026	4,150,000	$	0.25
May 7, 2021	May 7, 2026	275,000		0.50
October 13, 2021	October 13, 2026	387,500		0.25
March 1, 2022	March 1, 2027	1,111,111		0.09
Balance at March 31, 2022		**5,923,611**	**$**	**0.23**

	Number of options	Weighted average exercise price
		$
Balance at December 31, 2020	**-**	**-**
Options granted	11,512,500	0.14
Options exercised	(5,500,000)	0.02
Options cancelled	(1,200,000)	0.25
Balance at December 31, 2021	**4,812,500**	**0.26**
Options granted	1,111,111	0.09
Balance at March 31, 2022	**5,923,611**	**0.23**
Vested and Exercisable	**4,381,937**	**0.22**
Unvested	**1,541,674**	**0.27**

As at March 31, 2022, the stock options have a weighted average remaining contractual life of 4.29 years (2021 – 4.39 years). No options were exercised during the period ended March 31, 2022. During the year ended December 31, 2021, the weighted average share price for options exercised was $0.26 per share.

On March 1, 2022, the Company granted 1,111,111 stock options to an arms-length consultant for business development and advisory services which vested immediately with an exercise price of $0.09 per share expiring March 1, 2027. The fair value of the stock options was estimated to be $57,320. The Black-Scholes option pricing model was used with the following assumptions: term - 5 years, expected volatility - 100%, risk free rate - 1.48 %, and expected dividends - zero.

Restricted Share Units

The Company has a restricted share unit plan that was approved by the shareholders on September 21, 2021 that allows it to grant restricted share units, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The stock option and restricted share unit plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 20% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the restricted share unit plan, if outstanding restricted share units ("RSU") are converted, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. RSUs can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted. Participants in the RSU plan may elect to redeem their share units by the Company issuing the participant one common share for each whole vested share unit.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

Restricted Share Units (continued)

On February 13, 2022 and March 31, 2022, 2,800,000 RSUs and 345,000 RSUs vested. A total of 600,000 RSUs were converted during the period ended March 31, 2022.

The following table summarizes information on RSU outstanding and exercisable at March 31, 2022:

Grant Date	Expiry date	Number of RSUs	Conversion price
October 13, 2021	October 13, 2026	2,200,000	$ 0.25
November 30, 2021	November 30, 2026	345,000	0.21
Balance at March 31, 2022		**2,545,000**	**$ 0.24**

	Number of RSU	Weighted average conversion price
		$
Balance at December 31, 2020	**-**	-
RSU granted	3,145,000	0.25
Balance at December 31, 2021	**3,145,000**	**0.25**
RSU exercised	(600,000)	(0.25)
Balance at March 31, 2022	**2,545,000**	**0.24**
Vested and Exercisable	**2,545,000**	**0.24**
Unvested	**-**	**-**

Finders' Warrants

The continuity for finders' warrants for the period ended March 31, 2022 is as follows:

	Number of warrants	Weighted average exercise price
		$
Balance at December 31, 2020	-	-
Finders' warrants issued	278,330	0.75
Balance at December 31, 2021 and March 31, 2022	**278,330**	**0.75**

Warrants

The continuity for warrants for the period ended March 31, 2022 is as follows:

	Number of warrants	Weighted average exercise price
		$
Balance at December 31, 2020	-	-
Warrants issued	41,649,666	0.30
Warrants exercised	(500,000)	0.10
Warrants cancelled	(25,000)	1.00
Balance at December 31, 2021 and March 31, 2022	**41,124,666**	**0.30**

(Expressed in Canadian Dollars)

9. Related Party Disclosures

The Company's related parties consist of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties at normal market prices and on normal commercial terms.

	For the period ended March 31, 2022	For the period ended March 31, 2021
	$	$
Management fees paid/accrued to companies controlled by officers of the Company	100,875	63,483
Consulting fees paid/accrued to companies controlled by directors of the Company	3,938	-
		-
Share-based compensation	56,904	-
	161,717	63,483

As at March 31, 2022, $132,375 is due to related parties (2021 - $46,750) included in accounts payable and accrued liabilities. All balances are unsecured, non-interest bearing, and are due on demand

As at March 31, 2022, the Company has a loan receivable from Funguys of $260,418 (2021 - $205,000) for general working capital purposes. The Company's CEO was common management of Funguys and a shareholder of Funguys prior to the acquisition (see note 4).

As at March 31, 2022, the Company has a loan payable of $121,979 (2020 - $nil) to a company controlled by an officer of the Company. Subsequent to March 31, 2022, the officer ceased to be a related party.

10. Financial Instruments and Risk Management

a) Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles most of its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

   As at March 31, 2022, the Company had a cash balance of $370,622 (2021 - $672,782) to settle current liabilities of $347,022 (2021 - $130,019), which are due within 12 months.

b) Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. Cash is held with major financial institutions in Canada and, accordingly, credit risk is nominal.

c) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk consists of two components:

   i. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

10. Financial Instruments and Risk Management (continued)

ii. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk due to their short-term nature and maturity.

d) Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. The Company has foreign currency exposure on the investments in Sophie's Kitchen due to the differences in currencies.

As at March 31, 2022, the Company had cash of US$164,554 or $205,627 (2021 - US$184,777 or $234,261) at CAD equivalent and an investment in Sophie's Kitchen of US$5,682,380 or $7,100,702 (2021 - US$5,541,451 or $7,023,344) at CAD equivalent. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US$ by 10% will increase or decrease foreign exchange gain or loss by approximately $730,000 (2021 - $728,194).

The Company has not entered into any foreign currency contracts to mitigate this risk.

e) Price risk is the risk of potential losses to the Company's earnings due to movements in individual equity movements. As at March 31, 2021, the Company's investments of $9,035,415 are subject to fair value fluctuations. If the fair value of the Company's investments had a decrease or increase of 10% with all other variances held constant, the net loss and comprehensive loss for the period ended March 31, 2022 would be approximately $903,000 higher or lower.

f) The Company's financial instruments consist of cash, loan receivable, investments, accounts payable and accrued liabilities and derivative liability. Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments classified as Level 1 - unadjusted quoted prices in active markets include cash.

The estimated fair value of cash and accounts payable and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments. Loan receivables are measured at fair value using Level 2 inputs. Investments and the derivative liability are measured at fair value through profit and loss measured using Level 2 inputs.

11. Subsequent Events

On April 1, 2022, the Company issued 145,000 common shares pursuant to the conversion of RSUs at $0.21 per share.

On April 7, 2022, the Company granted 118,500 RSUs to an arms-length consultant for investor relations services with a conversion price of $0.13 per RSU expiring April 7, 2027. The RSUs will vest on August 8, 2022.

On April 26, 2022, the Company issued 1,111,111 common shares pursuant to the exercise of options with an exercise price of $0.09 per share. The Company received the proceeds of $100,000 during the period ended March 31, 2022.