NEPRA FOODS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

NEPRA FOODS INC.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		$ 3,829,470	$ 1,463,859
Restricted cash		68,785	69,843
Accounts receivable	**5**	814,674	590,243
Prepaid expenses and deposits	**6**	1,018,452	958,615
Inventory	**7**	2,141,695	1,815,796
Due from related party	**18**	9,276	9,418
		7,882,352	4,907,774
Property and equipment	**8, 18**	461,033	447,522
Intangible assets	**9**	19,431	20,693
Deferred acquisition costs	**10**	16,222	134,551
Right-of-use assets	**11**	2,202,388	2,299,631
Long-term deposit	**10, 11**	231,125	107,591
Total assets		$ 10,812,551	$ 7,917,762
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	**13, 18**	$ 1,292,768	$ 1,216,484
Loan payable – current portion	**14**	15,149	15,257
Lease liability – current portion	**12, 18**	138,850	138,647
Convertible notes	**15**	-	31,837
Deferred revenue	**16**	41,065	267,921
		1,487,832	1,670,146
Lease liability	**12, 18**	2,371,112	2,443,946
Loans payable	**14, 18**	879,656	388,187
Total liabilities		4,738,600	4,502,279
Shareholders' equity (deficiency)			
Share capital	**17, 18**	14,137,325	10,608,472
Reserves	**17**	1,498,402	666,393
Accumulated other comprehensive income (loss)		(87,970)	(45,281)
Deficit		(9,473,806)	(7,814,101)
Total shareholders' equity (deficiency)		6,073,951	3,415,483
Total liabilities and shareholders' equity		$ 10,812,551	$ 7,917,762

Nature of operations and going concern (Note 1)

Subsequent events (Note 22)

Approved on behalf of the Board

"David Wood" Director *"Alex McAulay"* Director

NEPRA FOODS INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	Notes		2022		2021
Revenue					
Sales	**21**	$	2,078,112	$	1,374,497
Consulting			-		65,841
			2,078,112		1,440,338
Cost of sales	**7, 8, 11**		1,995,920		1,153,033
			82,192		287,305
Expenses					
Accretion	**14**		399		364
Amortization	**8, 9, 11**		77,314		61,609
Consulting			39,062		51,392
General and administrative			363,665		126,740
Professional fees	**18**		77,787		188,831
Research and development			76,376		30,049
Salaries and benefits	**18**		587,523		374,997
Share-based payments	**17, 18**		402,959		-
Travel			46,559		18,802
			1,671,644		852,784
Net loss before other items		$	(1,589,452)	$	(565,479)
Other items					
Foreign exchange			1,431		(121)
Finance costs	**12, 14, 15, 18**		(74,655)		(98,408)
Interest income			2,785		2,454
Gain on fixed asset disposition	**8**		402		-
Change in fair value of convertible notes	**15**		(216)		(253,299)
Net loss			**(1,659,705)**		**(914,853)**
Other comprehensive income (items that may be reclassified to profit or loss)					
Exchange difference on translation to presentation currency			(42,689)		5,391
Comprehensive loss		$	**(1,702,394)**	$	**(909,462)**
Loss per share, basic and diluted		$	(0.04)	$	(0.13)
Weighted average number of shares outstanding, basic and diluted			37,002,418		7,205,947

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

NEPRA FOODS INC.

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

		2022		2021
Operating activities				
Net loss	$	(1,659,705)	$	(914,853)
Adjustments for non-cash items				
Amortization		82,379		68,025
Share-based payments		402,959		-
Advances (repayments) from (to) related parties		-		11,396
Accretion		399		-
Interest		10,408		87,137
Change in fair value of convertible notes		216		253,299
Gain on fixed asset disposition		(402)		-
Changes in non-cash working capital items:				
Accounts receivable		(236,313)		(313,186)
Prepaid expenses and deposits		(197,847)		68,600
Inventory		(354,584)		(779,557)
Accounts payable and accrued liabilities		70,699		358,632
Deferred revenue		(225,656)		-
Net cash used in operating activities		(2,107,447)		(1,160,507)
Investing activity				
Purchase of equipment		(84,977)		(156,069)
Equipment returned		52,499		
Deferred acquisition cost refund		117,783		-
Net cash used in investing activity		85,305		(156,069)
Financing activities				
Proceeds from issuance of common shares		3,925,111		443,278
Repayment of lease liability		(30,253)		(34,415)
Proceeds from convertible note to be issued		-		500,270
Loan repayments		(19,306)		(4,533)
Revolving loan proceeds		507,249		-
Proceeds from convertible notes		-		439,396
Net cash provided by financing activities		4,382,801		1,343,996
Net increase in cash		**2,360,659**		**27,420**
Effect of change in foreign exchange rates on cash		**3,894**		**(13,438)**
Cash, beginning		**1,533,702**		**492,977**
Cash, ending	**$**	**3,898,255**	**$**	**506,959**
Cash	$	3,829,470	$	506,959
Restricted cash		68,785		-
Cash, ending	**$**	**3,898,255**	**$**	**506,959**

Supplemental Disclosure with Respect to Cash Flows (Note 19)

The accompanying notes are an integral part of these consolidated financial statements

NEPRA FOODS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders’ Equity (Deficiency)
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital			Reserves	Accumulated other comprehensive income (loss)	Deficit	Total shareholders’ equity (deficiency)
	Common shares*	Class A shares*	Amount				
Balance, December 31, 2020	**3,655,711**	**273,468**	**$ 829,358**	**$ -**	**$ 5,160**	**$ (1,134,232)**	**$ (299,714)**
Shares issued for settlement of debt	997,426	-	39,361	-	-	-	39,361
Shares issued in private placement	9,999,971	-	443,642	-	-	-	443,642
Currency translation adjustment	-	-	-	-	5,391	-	5,391
Net loss	-	-	-	-	-	(914,853)	(914,853)
Balance, March 31, 2021	**14,653,108**	**273,468**	**$ 1,312,361**	**$ -**	**$ 10,551**	**$ (2,049,085)**	**$ (726,173)**
Balance, December 31, 2021	**36,554,944**	**273,468**	**$ 10,608,472**	**$ 666,393**	**$ (45,281)**	**$ (7,814,101)**	**$ 3,415,483**
Shares issued in prospectus offering	10,000,000	-	3,467,798	457,313	-	-	3,925,111
Shares issued for convertible debt	43,932	-	32,792	-	-	-	32,792
Vesting and issuance of restricted share units	-	-	-	171,916	-	-	171,916
Conversion of restricted share units	42,500	-	28,263	(28,263)	-	-	-
Share-based payments	-	-	-	231,043	-	-	231,043
Currency translation adjustment	-	-	-	-	(42,689)	-	(42,689)
Net loss	-	-	-	-	-	(1,659,705)	(1,659,705)
Balance, March 31, 2022	**46,641,376**	**273,468**	**$ 14,137,325**	**$ 1,498,402**	**$ (87,970)**	**$ (9,473,806)**	$ 6,073,951

**The number of shares outstanding before the RTO have been restated to reflect the effect of issuing 0.873288 RTO shares for each share outstanding.*

1. Nature of Operations and Going Concern

Nepra Foods Inc. ("Nepra" or the "Company") was incorporated on November 27, 2020 under the provisions of the under the British Columbia Business Corporations Act. The Company operates as a vertically integrated healthy plant-based food and speciality ingredient company supporting allergen free and functional food brands. The Company's head office is located at 7025 S. Revere Parkway, Unit 100, Centennial, Colorado, USA 80112. The Company's registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "NPRA". The Common Shares are also listed on the OTCQB under the trading symbol "NPRFF" and on the FSE under the trading symbol "2P6".

On April 16, 2021, the Company completed the reverse take over ("RTO") of Nepra Foods, Ltd. ("Nepra US"). Nepra US was incorporated as a limited liability company ("LLC") on August 15, 2019 under the provisions of the Colorado Revised Status and on November 1, 2020, Nepra US converted from a LLC to a corporation. These condensed consolidated interim financial statements are presented as a continuation of Nepra US as the deemed acquirer.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the three months ended March 31, 2022 the Company had negative cash flows from operations of $2,107,447, and as at March 31, 2022, had an accumulated deficit of $9,473,806. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity or debt financing. However, there is no assurance it will be able to continue to do so in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Basis of Presentation, Functional Currency, and Basis of Combination and Consolidation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs). As such, they must be read in conjunction with the annual audited consolidated financial statements for the period ended December 31, 2021 and the notes thereto. However, selected notes are included that are significant to understanding the Company's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar and the functional currency of its wholly-owned subsidiaries is the US dollar. The amounts in the tables are expressed in Canadian dollars, unless otherwise stated.

These condensed consolidated interim financial statements were approved and authorized for issuance on May 30, 2022 by the Directors of the Company.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements incorporate the accounts of the Company and its controlled subsidiaries from the date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include: Nepra Foods, Ltd., incorporated August 15, 2019, Gluten Free Baking Solutions, LLC ("GFBS"), incorporated on August 10, 2016, and Total Blending Solutions, Ltd. ("TBS"), incorporated on November 25, 2019.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the year ended December 31, 2021. These condensed consolidated interim statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

Accounting standards issued but not yet effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

4. Critical Accounting Estimates and Judgements

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2021.

(Expressed in Canadian Dollars)

5. Accounts Receivable

		March 31, 2022		December 31, 2021
Trade receivables	$	812,299	$	592,148
Sales tax receivable		4,251		-
Expected credit losses		(1,876)		(1,905)
Net accounts receivable	$	**814,674**	**$**	**590,243**

As at March 31, 2022, the Company had net accounts receivable of $814,674 (December 31, 2021 - $590,243). As at March 31, 2022, the Company has recorded an allowance for expected credit losses of $1,876 (December 31, 2021 - $1,905).

6. Prepaid expenses and deposits

Prepaids and deposits is composed of the following amounts:

		March 31, 2022		December 31, 2021
Deposit on inventory	$	687,771	$	850,719
Insurance		60,276		89,321
Prepaid professional fees and other		270,405		18,575
	$	**1,018,452**	**$**	**958,615**

7. Inventory

Inventory consists primarily of raw materials and finished goods.

		March 31, 2022		December 31, 2021
Raw materials	$	120,377	$	201,323
Work-in-progress		11,434		13,530
Finished goods		2,009,884		1,600,943
	$	**2,141,695**	**$**	**1,815,796**

During the three months ended March 31, 2022, the Company sold inventory with a value of $1,995,920 (2021 - $1,148,981) and incurred inventory write offs of $nil (2021 - $4,052) which are included in cost of sales.

(Expressed in Canadian Dollars)

8. Property and Equipment

		Furniture and equipment		Warehouse equipment		Leasehold improvements		Total
Cost								
Balance, December 31, 2020	$	8,138	$	62,679	$	-	$	70,817
Additions		214,454		146,789		54,121		415,364
Foreign exchange adjustment		2,741		1,671		699		5,111
Balance, December 31, 2021	**$**	**225,333**	**$**	**211,139**	**$**	**54,820**	**$**	**491,292**
Additions		35,201		1,881		57,141		94,223
Dispositions		(33,804)		(18,695)		-		(52,499)
Foreign exchange adjustment		(3,432)		(2,985)		(1,554)		(7,971)
Balance, March 31, 2022	**$**	**223,298**	**$**	**191,340**	**$**	**110,407**	**$**	**525,045**
Accumulated Amortization								
Balance, December 31, 2020	$	4,882	$	2,239	$	-	$	7,121
Amortization		11,805		19,541		4,860		36,206
Foreign exchange adjustment		136		244		63		443
Balance, December 31, 2021	**$**	**16,823**	**$**	**22,024**	**$**	**4,923**	**$**	**43,770**
Amortization		11,883		6,910		2,782		21,575
Dispositions		(402)		-		-		(402)
Foreign exchange adjustment		(400)		(421)		(110)		(931)
Balance, March 31, 2022	**$**	**27,904**	**$**	**28,513**	**$**	**7,595**	**$**	**64,012**
Net Book Value								
At December 31, 2021	$	208,510	$	189,115	$	49,897	$	447,522
At March 31, 2022	**$**	**195,394**	**$**	**162,827**	**$**	**102,812**	**$**	**461,033**

Amortization of equipment used in production is included in the cost of inventory. During the three months ended March 31, 2022, amortization of $6,910 (2021 - $3,305) was included in the cost of inventory.

9. Intangible Assets

		Trademark		Software		Total
Balance, December 31, 2020	**$**	**-**	**$**	**-**	**$**	**-**
Additions		11,276		9,154		20,430
Foreign exchange adjustment		145		118		263
Balance, December 31, 2021	**$**	**11,421**	**$**	**9,272**	**$**	**20,693**
Amortization		(190)		(771)		(961)
Foreign exchange adjustment		(170)		(131)		(301)
Balance, March 31, 2022	**$**	**11,061**	**$**	**8,370**	**$**	**19,431**

(Expressed in Canadian Dollars)

10. Deferred Acquisition Costs

During the period-ended March 31, 2022, the Company entered into a master lease agreement for various pieces of production and manufacturing equipment up to a total cost of USD $1,200,000. As part of the agreement, the Company paid a deposit of $122,493 (USD $97,956) for the minimum lease term of 24 months.

As of December 31, 2021, the Company had advanced $134,551 in down payments and deposits for production and manufacturing equipment directly to various suppliers. During the three months ended March 31, 2022, the Company decided to lease some of this equipment under the master lease agreement as opposed to purchasing the equipment. Consequently, the Company received a refund for the previously issued deposits of $117,793. As of March 31, 2022, the Company a total of $16,222 remained in deferred acquisition costs.

At December 31, 2020	**$**	**-**
Deposits and down payments		132,835
Foreign exchange adjustment		1,716
At December 31, 2021	**$**	**134,551**
Refunds		(117,783)
Foreign exchange adjustment		(546)
At December 31, 2021	**$**	**16,222**

11. Right-of-use Assets

Equipment

On October 16, 2017, the Company entered into an equipment lease agreement. The lease term commenced November 1, 2017 and ends on October 1, 2022. The Company is committed to paying a monthly rental fee of USD$1,044 (CAD$1,395) to a related party (Note 18).

Building

The Company entered into a lease agreement for the building located at 7025 South Revere Parkway, Ste. 100, Centennial, Colorado 80112. The lease includes annual step-up payments and commences January 1, 2021 and expires on June 30, 2031. In connection with the lease agreement, the Company paid a security deposit of $146,592 (USD$116,409), to be repaid as follows: $97,728 (USD$77,606) after 24 months and $48,864 (USD$38,803) upon completion of the lease. The deposit has been discounted using an incremental borrowing rate of 10% per annum. A reconciliation of the long-term deposit is as follows:

At December 31, 2020	**$**	**148,340**
Adjustment to fair value		(50,001)
Interest income		10,068
Foreign exchange adjustment		(816)
At December 31, 2021	**$**	**107,591**
Interest income		2,705
Foreign exchange adjustment		(1,664)
At March 31, 2022	**$**	**108,632**

(Expressed in Canadian Dollars)

The Company's right-of-use assets consists of a lease for equipment and a lease for a building.

Right-of-use assets	Equipment	Building	Total
At December 31, 2020	$ **22,958**	**$ -**	**$ 22,958**
Additions	-	2,509,395	2,509,395
Amortization expense	(12,319)	(237,899)	(250,218)
Foreign exchange adjustment	(241)	17,737	17,496
At December 31, 2021	$ **10,398**	**$ 2,289,233**	**$ 2,299,631**
Amortization expense	(3,112)	(60,092)	(63,204)
Foreign exchange adjustment	(117)	(33,922)	(34,039)
At March 31, 2022	$ **7,169**	**$ 2,195,219**	**$ 2,202,388**

A portion of the amortization of equipment and building right-of-use assets is included in the cost of inventory. During the three months ended March 31, 2022, amortization of $1,516 (2021 - $nil) was included in the cost of inventory.

12. Leases

The lease liability of the equipment which commenced on October 16, 2017 has been calculated using an incremental borrowing rate of 10% per annum. The lease liability of the building has been calculated using an incremental borrowing rate of 10% per annum. The Company's total accrued or paid payments for its leases were $98,055 in the three months ended March 31, 2022 (2021 – $62,869).

The consolidated statement of loss and comprehensive loss shows the following amounts relating to leases:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Amortization charge of equipment right-of-use assets	$ 3,112	$ 3,112
Amortization charge of building right-of-use assets	60,092	60,090
Interest expense	64,121	65,648
	$ **127,325**	$ **128,850**

The Company's lease liability related to equipment and the building is as follows:

Lease liability	March 31, 2022	December 31, 2021
Current portion	$ 138,850	$ 138,647
Long-term portion	2,371,112	2,443,946
Total lease liability	$ **2,509,962**	$ **2,582,593**

(Expressed in Canadian Dollars)

Changes in lease liabilities are due to the following:

		March 31, 2022		December 31, 2021
Balance, beginning of period	$	2,582,593	$	26,641
New lease liabilities		-		2,459,395
Interest		64,121		251,754
Payments		(94,088)		(160,764)
Reclassification of lease liability to accounts payable upon derecognition of lease liability		(3,967)		(15,704)
Effect of changes in foreign exchange rates		(38,697)		21,271
Balance, end of period	$	**2,509,962**	**$**	**2,582,593**

The Company is committed to minimum lease payments as follows:

Maturity analysis		March 31, 2022		December 31, 2021
Less than one year	$	383,511	$	390,557
One year to five years		1,613,219		1,625,842
More than five years		1,936,901		2,076,047
Total undiscounted lease liabilities		3,933,631		4,092,446
Less: unearned interest		(1,423,669)		(1,509,853)
Total lease liability	$	**2,509,962**	$	**2,582,593**

13. Accounts Payables and Accrued Liabilities

		March 31, 2022		December 31, 2021
Trade payables	$	932,469	$	1,071,994
Accrued liabilities		360,299		144,490
	$	**1,292,768**	**$**	**1,216,484**

14. Loans Payable

a) On May 16, 2020 (“date of advance”), GFBS received a loan for gross proceeds of $210,330 (USD $150,000) from the U.S. Small Business Administration under the Economic Injury Disaster Loan program. The loan bears annual interest at a rate of 3.75%. Monthly repayments of $996 (USD$731) commence 12 months from the date of advance and will be applied first to interest, then to principal and the loan matures 30 years from the date of advance. The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at fair value using the Company’s estimated incremental borrowing rate of 10%, which resulted in a fair value of $140,887. The difference between the initial carrying amount and proceeds received is the value of the government assistance of $54,047 for the year-ended December 31, 2020. The Company received an additional USD$3,000 (CAD$4,206) for total proceeds of USD$153,000 (CAD$214,536). Effective March 17, 2021, the loan was amended to defer repayments by an additional 12 months. The extended term was determined to be a modification of debt and resulted in recognition of a gain on modification of debt of $5,224 (USD $4,167) for the year ended December 31, 2021. As at March 31, 2022, accrued interest of $12,896 (USD$10,313) is recorded in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

The loan is secured by all tangible and intangible property of the borrower as at the agreement date and any property acquired by the borrower after the agreement date.

The balance outstanding at March 31, 2022 is as follows:

Balance, December 31, 2020	$	144,117
Accretion expense		1,537
Modification of debt		(5,224)
Foreign exchange adjustment		(565)
Balance, December 31, 2021	**$**	**139,865**
Accretion expense		399
Foreign exchange adjustment		(2,124)
Balance, March 31, 2022	**$**	**138,140**

b) On September 15, 2020, The Company, through its subsidiary, GFBS, entered into a financing agreement for equipment purchased for USD$49,187 (CAD$62,679). The loan commenced on September 15, 2020, has an effective interest rate of 9.91%, and matures on August 15, 2024. The Company is required to make monthly payments of USD$1,215 (CAD$1,623) and the balance of the loan is due on maturity.

Balance, December 31, 2020	$	59,524
Loan repayments		(19,306)
Interest		5,061
Foreign exchange adjustment		(401)
Balance, December 31, 2021		**44,878**
Loan repayments		(4,854)
Interest		1,067
Foreign exchange adjustment		(635)
Total loan balance, March 31, 2022		**40,456**
Less current portion		(15,149)
Non-current balance, March 31, 2022	**$**	**25,307**

The loan is secured by the equipment purchased with the proceeds of the loan. See Note 18.

c) On July 1, 2020, the Company's wholly-owned subsidiary entered into an unsecured revolving loan facility with a related party for up to USD$200,000. The outstanding balance, if any, on the revolving loan is due on or before December 31, 2025. The facility bears interest of 6% per annum. The balance due on the revolving loan facility as of March 31, 2022 was $466,110 (December 31, 2021 - $218,701). As at March 31, 2022, accrued interest of $12,139 (USD$9,708) (December 31, 2021 - $7,374 (USD$5,808)) in connection with the revolving loan facility is recorded in accounts payable and accrued liabilities. See Note 18.

(Expressed in Canadian Dollars)

d) On July 1, 2020, the Company's wholly-owned subsidiary entered into an unsecured revolving loan facility with a related party for up to USD$200,000. The outstanding balance, if any, on the revolving loan is due on or before December 31, 2025. The facility bears interest of 6% per annum. The balance due on the revolving loan facility as of March 31, 2022 was $250,099 (December 31, 2021 - $nil). As at March 31, 2022, accrued interest of $1,274 (USD$1,019) (December 31, 2021 - $nil) in connection with the revolving loan facility is recorded in accounts payable and accrued liabilities. See Note 18.

15. Convertible Notes

		Series I		Series II		Series III		Total
Balance at December 31, 2020	$	844,632	$	-	$	-	$	844,632
Issuance		439,396		380,123		248,776		1,068,295
Interest		68,629		13,617		21,762		104,008
Change in fair value		331,735		-		141,490		473,225
Transfer to share capital upon conversion		(1,683,252)		(389,087)		(381,730)		(2,454,070)
Foreign exchange adjustment		(1,140)		(4,653)		1,539		(4,253)
Balance at December 31, 2021	**$**	**-**	**$**	**-**	**$**	**31,837**	**$**	**31,837**
Interest		-		-		1,045		1,045
Change in fair value		-		-		216		216
Transfer to share capital upon conversion		-		-		(32,793)		(32,793)
Foreign exchange adjustment		-		-		(305)		(305)
Balance at March 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**

Series I

Between November 2020 and January 2021, the Company closed the Series I financing and issued convertible notes to various subscribers for total proceeds of $1,288,539 (US$999,990). The Series I convertible notes bear interest at 8% per annum, has a term of 24 months and are secured by a floating charge on all assets of the Company. If the Company or Nepra US (Note 20) completes a listing of its common shares on a stock exchange in Canada or the United States, the principal and interest shall automatically be converted into the listed common shares at a price equal to 80% of the issuance price upon listing or $0.10 per share.

The Company has designated these Series I convertible notes to be measured at fair value through profit or loss (FVTPL). At inception, the fair value of the instruments was measured at the transaction amounts. There was nil gain or loss on change in fair value recorded in 2020 as their fair values approximate the carrying amount as at December 31, 2020.

On September 17, 2021, the outstanding principal and interest of Series I convertible notes in the amount of $1,346,602 were automatically converted into 3,581,387 common shares at a price of $0.376 per share when the Company completed its initial public offering. The fair value of these convertible notes was remeasured immediately prior to the conversion, resulting in a loss of $331,735 on change in the fair value recorded for the difference between the conversion price and the share price of the initial public offering.

Series II

On April 2, 2021, Nepra US closed the Series II financing and issued convertible notes to four subscribers for total proceeds of $380,123 (US$295,000). The Series II convertible notes bear interest at 8% per annum, has a term of 24 months and are secured by a floating charge on all assets of the Company. If the Company or Nepra US completes a listing of its common shares on a stock exchange in Canada or the United States, the principal and interest of the Series II convertible notes shall automatically be converted into the listed common shares at a price equal to the greater of the issuance price upon listing and $0.10 per share.

The Company has designated these Series II convertible note to be measured at FVTPL. At inception, the fair value of these instruments was measured at the transaction amounts. On September 17, 2021, the outstanding principal and interest of the Series I convertible notes in the amount of $389,087 were automatically converted into 827,844 common shares at a price of $0.47 per share when the Company completed its initial public offering. There was nil change in fair value recorded upon the conversion of these Series II convertible notes.

Series III

On June 11, 2021, the Company closed the Series III financing and issued convertible notes to various subscribers for total proceeds of $230,000. The Series III convertible notes bear interest at 9% per annum, has a term of 12 months and are secured by a floating charge on all assets of the Company. On August 11, 2021, the Company issued another Series III convertible note for $18,776 (US$15,000) at the same term.

Following 121 days after the issue date to the maturity dates, the principal and any accrued and unpaid interest of the Series III Secured Notes is convertible at the option of the holder, in whole or in part, into the Company's common shares at the greater of the share issuance price upon listing and $0.10 per share. In addition, following 121 days after the issue date and 10 days immediately before the maturity date, if the Company's common shares are trading on a stock exchange in Canada or the United States and the closing price is equal to or greater than $0.60 per share for a period of 10 consecutive trading days, the Company can convert the principal amount plus the accrued and unpaid interest to the date of maturity into its common shares at the greater of the issuance price of initial public offering and $0.10 per share.

The Company has designated these Series III convertible note to be measured at FVTPL. At inception, the fair value of these instruments was measured at the transaction amounts.

During the year ended December 31, 2021, there were total $250,699 outstanding principal plus interest of Series III convertible notes converted into 533,402 common shares of the Company at a price of $0.47 per share. The fair value of these Series III convertible notes was remeasured immediately prior to the conversion, resulting in a loss of $129,495 on change in the fair value during the period from the issuance date to the conversion dates. The fair values of the Series III convertible notes was estimated using the Black-Scholes pricing model and the following assumptions: estimated volatility of 91.82% to 95.78%, risk free interest rate of 0.63% to 0.89%, expected life of 0.58 to 0.65 years, exercise price of $0.47, a dividend yield of 0%, and a share price of $0.67 to $0.74.

As at December 31, 2021, the fair value of the remaining Series III convertible note increased by $11,995. The fair value of this Series III convertible note was estimated using the Black-Scholes pricing model and the following assumptions: estimated volatility of 83.19%, risk free interest rate of 0.91%, expected life of 0.61 years, exercise price of $0.47, a dividend yield of 0%, and a share price of $0.68.

During the three-months ended March 31, 2022, the outstanding Series III convertible note with total principal plus interest of $20,648 (USD $16,350) were converted into 43,932 common shares of the Company at a price of $0.47 per share. The fair value of this Series III convertible note was remeasured immediately prior to the conversion resulting in a loss of $216 change in the fair value. The fair value of the Series III note was estimated using the Black-Scholes pricing model and the following assumptions: estimated volatility of 96.52%, risk free interest rate of 1.21%, expected life of 0.54 years, exercise price of $0.47, a dividend yield of 0%, and a share price of $0.67.

16. Deferred revenue

Payments received from customers prior to the point in time when the title, risks and rewards of the goods transfers to the customer as per each customer's agreement are recorded as deferred revenue. As at March 31, 2022, $41,065 (December 31, 2021 - $267,921) is included in deferred revenue.

17. Share Capital and reserves

On April 16, 2021, the Company completed the RTO of Nepra US. As the financial statements are considered a continuance of the operations of Nepra US and due to the reverse takeover, all of the share numbers and share prices in these financial statements have been adjusted, on a retroactive basis, to reflect this exchange.

Authorized capital

The Company is authorized to issue unlimited common shares and unlimited Class A common shares with no par value.

Issued capital

During the three months ended March 31, 2022

- On January 24, 2022, the Company issued 42,500 common shares upon conversion of 42,500 restricted share units with a total value of $28,263 based on the fair value on the grant date of the restricted share units
- On January 25, 2022, the Company issued 43,932 upon conversion of Series III convertible note with a fair value of $32,792 (Note 15).

- On March 30, 2022 the Company completed a prospectus offering issuing 10,000,000 units for gross proceeds of $4,500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.70 for 36 months from the closing date of March 30, 2022. The fair value of the warrants issued as part of the units was estimated to be $300,000 using the residual value method. In connection with the prospectus offering, the Company incurred cash share issuance costs of $574,889 and issued 641,760 finders' warrants valued at $157,313 in connection with the prospectus offering. The fair value of the finders' warrants was estimated using the Black-Scholes pricing model and the following assumptions: estimated volatility of 110.49%, risk free interest rate of 2.31%, expected life of 3 years, exercise price of $0.70, a dividend yield of 0%, and a share price of $0.42.

During the three months ended March 31, 2021

- On February 24, 2021, the Company issued 997,426 common shares valued at $39,361 to settle outstanding debt of US$30,888 (CAD$39,361).
- On March 5, 2021, the Company closed a private placement and issued 9,999,971 common shares for proceeds of US$350,000 (CAD$443,642).

Stock Options

Stock Option Plan

The Stock Option Plan was adopted by the Company's board of directors on April 16, 2021. The aggregate number of common shares which are reserved for issuance under the Stock Option Plan may not exceed 11,789,310. The exercise price of any stock options granted under the Option Plan shall be determined by the Compensation Committee of the Board, but may not be less than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The term of any stock option under the Option Plan shall be determined by the Compensation Committee of the Board but shall not exceed 10 years from the grant date. Vesting conditions of any stock options granted under the Stock Option Plan shall be determined by the Board at the time of grant.

Stock Option Activity

During the three months ended March 31, 2022

- On January 1, 2022, the Company issued 100,000 stock options with an exercise price of $0.68, expiring on January 1, 2027 and vest as follows: 12.5% on grant date, 12.5% on April 1, 2022, 12.5% on July 1, 2022, 12.5% on October 1, 2022, 12.5% on January 1, 2023, 12.5% on April 1, 2023, 12.5% on July 1, 2023 and 12.5% on October 1, 2023. The grant date fair value of the options was $41,269 which was estimated using the Black-Scholes option pricing model and the following assumptions: estimated volatility of 77%, risk free interest rate of 1.32%, expected life of 5 years, exercise price of $0.68, a dividend yield of 0%, and a share price of $0.665.
- During the three months ended March 31, 2022, the Company recorded share-based payments of $231,043 in the statement of loss and comprehensive loss for stock options vested in the period. As of March 31, 2022, 832,500 stock options have fully vested.

(Expressed in Canadian Dollars)

Stock option activities are summarized in the table below:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2020	-	-
Granted	2,050,000	$0.47
Balance, December 31, 2021	2,050,000	$0.47
Granted	100,000	$0.68
Balance, March 31, 2022	2,150,000	$0.48

Details of the share options outstanding and exercisable as at March 31, 2022 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
September 17, 2031	2,050,000	820,000	$0.47
January 1, 2027	100,000	12,500	$0.68
Balance, December 31, 2021	2,150,000	832,500	$0.48

As of March 31, 2022, the weighted average remaining life for outstanding options was 9.25 years.

Warrants

During the three months ended March 31, 2022

- On March 30, 2022 the Company issued 10,000,000 warrants as part of the units issued in the prospectus offering. Each warrant entitles the holder to purchase one common share at an exercise price of $0.70 for 36 months from the closing date of March 30, 2022.
- On March 30, 2022 the Company issued 641,760 finders' warrants valued at $157,313 in connection with the prospectus offering. The fair value of the finders' warrants was estimated using the Black-Scholes pricing model and the following assumptions: estimated volatility of 110.49%, risk free interest rate of 2.31%, expected life of 3 years, exercise price of $0.70, a dividend yield of 0%, and a share price of $0.42.

Warrant activities are summarized in the table below:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	-	-
Granted	898,889	$0.47
Exercised	(19,500)	$0.47
Balance, December 31, 2021	879,389	$0.47
Granted	10,641,760	$0.70
Balance, March 31, 2022	11,540,649	$0.68

(Expressed in Canadian Dollars)

Details of the warrants outstanding and exercisable as at March 31, 2022 are as follows:

Expiry date	**Number of Warrants**	**Exercise Price**
September 17, 2023	879,389	$0.47
March 30, 2025	10,641,760	$0.70
Balance, March 31, 2022	11,540,649	$0.68

As of March 31, 2022, the weighted average remaining life for outstanding warrants was 2.88 years.

Restricted Share Units ("RSUs")

During the three months ended March 31, 2022

- On January 1, 2022, the Company granted 270,000 RSUs to employees of the Company which vest as follows: 25% April 1, 2022, 25% July 1, 2022, 25% October 1, 2022 and 25% January 1, 2023
- On January 1, 2022, the Company issued 42,500 common shares upon conversion of 42,500 RSUs with a fair value of $28,263
- During the three months ended March 31, 2022, the Company recorded share-based payments of $171,916 in the statement of loss and comprehensive loss for RSUs vested in the period. As of March 31, 2022, 117,500 RSUs have fully vested.

Restricted share unit activities are summarized in the table below:

	Number of RSUs	**Weighted Average Issuance Price**
Balance, December 31, 2020	-	-
Granted	300,000	$0.76
Balance, December 31, 2021	300,000	$0.76
Granted	270,000	$0.665
Converted	(42,500)	$0.665
Balance, March 31, 2022	527,500	$0.72

Details of the restricted share units outstanding and exercisable as at March 31, 2022 are as follows:

Grant date	**Number of RSUs Outstanding**	**Number of RSUs Vested**	**Issuance Value**
September 30, 2021	300,000	75,000	$0.76
January 1, 2022	227,500	-	$0.665
Balance, December 31, 2021	527,500	75,000	$0.72

18. Related Party Transactions

a) Due to/from related parties

As at March 31, 2022, included in due from related parties is $8,527 (December 31, 2021 - $8,657) due from a director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in due from related parties is $749 (December 31, 2021 - $761) due from a director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $23,692 (December 31, 2021 – $24,119) due to a director of the Company. The amount consists of expenses charged to a personal credit card of a director of the Company and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $50,410 (December 31, 2021 – $44,494) due to a company controlled by the CFO and Director of the Company. The amount consists of accounting and corporate secretarial fees charged and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $1,657 (December 31, 2021 – $nil) due to a Director of the Company. The amount consists of expense reimbursements owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $8,757 (December 31, 2021 – $nil) due to a Director of the Company. The amount consists of expense reimbursements owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $7,506 (December 31, 2021 – $24,388) due to a company controlled by the CEO and Director of the Company. The amount consists of expense reimbursements owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $23,499 (December 31, 2021 – $15,907) due to a company controlled by the CEO and Director of the Company. The amount consists of lease payments owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2022, included in accounts payable and accrued liabilities is $51,583 (December 31, 2021 – $68,248) due to the estate of a former President and COO of the Company. The amount consists of termination benefits owed and is unsecured, non-interest bearing and due on demand.

On October 16, 2017, the Company entered into an equipment lease agreement with a monthly rental fee of USD$1,044 (CAD$1,395) (Note 11). As at March 31, 2022, included in lease liability is $11,056 (December 31, 2021 - $12,668) for an equipment lease entered into with a company controlled by the CEO and Director of the Company.

(Expressed in Canadian Dollars)

b) Related party transactions

Key management consists of the directors and officers who are responsible for planning, directing, and controlling the activities of the Company. The Company incurred charges with related parties recorded at their exchange amounts as agreed upon by transacting parties as follows:

For the three months ended March 31,		2022		2021
Salaries and benefits	$	425,277	$	162,963
Share-based payments		299,380		-
	$	**724,657**	**$**	**162,963**

Other transactions

During the year ended December 31, 2020, the Company entered into an unsecured revolving loan facility with companies controlled by the CEO and Director of the Company for up to a total of USD$400,000. The loan facility is unsecured, bears interest at a rate of 6% per annum, and matures on December 31, 2025. On January 1, 2022, the revolving loan facility with RG Wood was amended to increase the amount by USD $200,000 resulting in an amended total of USD $600,000. During the three months ended March 31, 2022 the Company received additional loan proceeds of USD$400,500. The balance payable as of March 31, 2022 was $716,209 (December 31, 2021 - $218,701). Interest of $10,726 (December 31, 2021 - $7,374) for the revolving note was charged and included in accounts payable and accrued liabilities. The Company incurred interest expense of $6,229 in the three months ended March 31, 2022. See Note 14.

During the three months ended March 31, 2022, $26,454 (2021 – $nil) was charged by a Company controlled by the CFO and Director of the Company for accounting and corporate secretarial fees.

During the three months ended March 31, 2022, the Company purchased equipment of $8,929 (2021 - $nil) from the Company's Vice President of Research and Development.

During the three months ended March 31, 2021, the Company settled debt owing to a Company controlled by the CFO of $39,361 in exchange for 17,651 common shares of the Company.

During the three months ended March 31, 2021, the Company was charged USD$3,132 (CAD$3,967) in lease payments for equipment by a company controlled by the CEO and Director.

(Expressed in Canadian Dollars)

19. Supplemental Disclosure with Respect to Cash Flows

		For the three months ended March 31, 2022		For the three months ended March 31, 2021
Cash paid for interest	$	81,372	$	1,427
Equipment purchases included in accounts payable and accrued liabilities		33,970		-
Lease payments included in accounts payable and accrued liabilities		3,967		-
Fair value of shares issued for debt settlement	$	-	$	39,361

20. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its operations as well as to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of owners' equity comprising of loans payable, convertible notes, share capital, and retained earnings (deficit).

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt, or return capital to shareholders.

The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable. There was no change to the Company's approach to capital management during the three months ended March 31, 2022.

21. Financial Instruments and Risk Management

The Company is exposed, through its operations, to the following financial risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies, and Processes:

The directors and officers have overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The directors and officers review the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note.
The overall objective of the directors and officers is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and equity price risk.

(i) Foreign Currency Risk:
The Company generates revenues and incurs capital expenditures primarily through its subsidiaries in United States dollars. The functional currency of the Company's subsidiary is the United States dollar. In addition, the Company hold financial assets and liabilities in foreign currencies that expose the Company to the foreign exchange risks. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar would result in approximately $64,000 foreign exchange gain or loss in the consolidated statement of comprehensive loss.

(ii) Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant, and the Company does not rely on interest to fund its operations. The Company's outstanding loans payable and convertible notes bear interest at fixed rates. As a result, at March 31, 2022, management believes that the Company is not exposed to any significant interest rate risk.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash, due from related party and accounts receivable are exposed to credit risk. The Company limits its exposure to credit loss on cash by placing its cash with high-quality financial institutions. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable. The Company has certain amounts of aged receivables that are not deemed impaired as follows:

(Expressed in Canadian Dollars)

		March 31, 2022		December 31, 2021
1 – 60 days	$	805,627	$	567,379
61 - 90 days (past due)		-		-
Over 90 days (past due)		6,672		24,769
Provision for expected credit losses		(1,876)		(1,905)
Total	$	810,423	$	590,243

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the three months ended March 31, 2022 and 2021, the following revenue was recorded from major customers:

		Three months ended March 31, 2022		Three months ended March 31, 2021
Customer A	$	1,322,760	$	575,617
Customer B	$	-	$	261,096
Customer C	$	-	$	185,276

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding has been through equity financings, loans from a company controlled by the CEO and Director, and convertible notes. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding.

		Within one year		Between one and five years		More than five years
Accounts payable and accrued liabilities	$	1,292,768	$	-	$	-
Loans payable		28,780		973,220		269,760
Lease liability		383,510		1,613,219		1,936,902
	$	1,705,058	$	2,586,439	$	2,206,662

(Expressed in Canadian Dollars)

d) Basis of Fair Value

	Level		March 31, 2022		December 31, 2021
FINANCIAL ASSETS					
FVTPL					
Cash	1	$	3,829,470	$	1,463,859
Restricted Cash			68,785		69,843
Other assets, at amortized cost					
Accounts receivable			814,674		590,243
Due from related party			9,276		9,418
Total financial assets		$	4,722,205	$	2,133,363

FINANCIAL LIABILITIES

	Level		March 31, 2022		December 31, 2021
Convertible notes	2	$	-	$	31,837
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,292,768		1,216,484
Loans payable			894,805		403,444
Promissory note payable			-		-
Total financial liabilities		$	2,187,573	$	1,651,765

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in

Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

22. Subsequent Events

On May 18, 2022, the Company issued 100,000 common shares upon conversion of RSUs.