SWMBRD SPORTS INC.

Condensed Interim Financial Statements

For the Three and Nine Months Ended November 30, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Swmbrd Sports Inc. for the nine months ended November 30, 2021, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Swmbrd Sports Inc.

Condensed Interim Statements of Financial Position
As expressed in Canadian dollars
(Unaudited – prepared by management)

		November 30, 2021		February 28, 2021
Assets				
Current				
Cash	**$**	**366,827**	$	920,318
GST receivable		**11,842**		11,950
Prepaid expenses and deposits (Note 5)		**241,406**		306,636
		620,075		1,238,904
Patents (Note 6)		**143,084**		70,159
Capital equipment (Note 7)		**6,150**		727
	$	**769,309**	$	1,309,790
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**57,361**	$	34,424
Due to related parties (Note 9)		**-**		9,243
		57,361		43,667
Equity				
Share capital (Note 8)		**1,915,667**		1,681,510
Reserves (Note 8)		**2,060**		2,060
Share subscriptions received (Note 8)		**-**		5,850
Share subscriptions receivable (Note 8)		**-**		(60,000)
Deficit		**(1,205,779)**		(363,297)
		711,948		1,266,123
	$	**769,309**	$	1,309,790

Approved and authorized by the Board of Directors on January 31, 2022:

"Justin Schroenn"
Director

"Matthew Schroenn"
Director

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

Swmbrd Sports Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Three Months Ended November 30, **2021**	Three Months Ended November 30, 2020	Nine Months Ended November 30, **2021**	Nine Months Ended November 30, 2020
Expenses				
Depreciation (Note 7)	$ **(181)**	$ -	$ **872**	$ -
Administration fees (Note 10)	**43,750**	14,583	**131,250**	14,583
Advertising & travel expenses (Note 10)	**94,886**	253	**196,625**	516
Filing and regulatory fees	**8,215**	-	**8,215**	-
Legal fees	**45,203**	461	**118,858**	461
Office and miscellaneous	**494**	487	**1,423**	523
Patent depreciation (Note 6)	**8,071**	6,284	**18,341**	18,690
Product development	**144**	69	**60,547**	69
Salaries and consulting fees (Note 9)	**69,947**	-	**191,786**	-
Share-based compensation (Note 8)	**6,500**	-	**36,000**	-
Travel and meals	**17,764**	-	**78,565**	-
Net loss and comprehensive loss for the period	**294,793**	22,137	**842,482**	34,842
Basic and diluted loss per share	$ **0.00**	$ 0.02	$ **0.01**	$ 0.11
Weighted average number of common shares outstanding – basic and diluted	**64,593,263**	913,984	**63,173,391**	305,327

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

Swmbrd Sports Inc.
Condensed Interim Statements of Changes in Equity
For the nine months ended November 30, 2021 and 2020
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares		Share Capital		Reserves		Subscription Receivable		Shares Subscribed		Deficit		Total
Balance, February 29, 2020	**14,320,083**	**$**	**140,018**	**$**	**-**	**$**	**-**	**$**	**130,000**	**$**	**(187,502)**	**$**	**82,516**
Shares issued for private placements (Note 8)	13,679,137		130,000		-		-		(130,000)		-		-
Net loss for the period	-		-		-		-		-		(34,842)		(34,842)
Balance, November 30, 2020	**27,999,220**	**$**	**270,018**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**(222,344)**	**$**	**47,674**
Balance, February 28, 2021	**61,170,220**	**$**	**1,681,510**	**$**	**2,060**	**$**	**(60,000)**	**$**	**5,850**	**$**	**(363,297)**	**$**	**1,266,123**
Shares issued for private placements (Note 8)	2,945,652		207,961		-		-		(5,850)		-		202,111
Share issuance costs	-		(9,804)		-		-		-		-		(9,804)
Share subscriptions received	-		-		-		60,000		-		-		60,000
RSU’s issued (Note 8)	720,000		36,000		-		-		-		-		36,000
Net loss for the period	-		-		-		-		-		(842,482)		(842,482)
Balance, November 30, 2021	**64,835,872**	**$**	**1,915,667**	**$**	**2,060**	**$**	**-**	**$**	**-**	**$**	**(1,205,779)**	**$**	**711,948**

**For purposes of presentation, the number of shares has been presented on a post subdivided basis. See Note 8.*

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

Swmbrd Sports Inc.
Condensed Interim Statements of Cash Flows
For the nine months ended November 30, 2021 and 2020
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2021		2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net loss for the period	**$**	**(842,482)**	$	(34,842)
Items not affecting cash:				
Depreciation		**872**		-
Patent depreciation		**18,341**		18,690
Share-based compensation		**36,000**		-
Changes in non-cash working capital items related to operations:				
GST receivable		**108**		(773)
Prepaid expenses and deposits		**65,230**		(1,468)
Due to related parties		**(9,243)**		566
Accounts payable and accrued liabilities		**22,937**		25,501
Net cash flows (used in) from operating activities		**(708,237)**		7,674
CASH FLOWS FROM FINANCING ACTIVITIES:				
Share subscriptions received		**60,000**		-
Issue of common shares		**202,111**		-
Share issuance costs		**(9,804)**		-
Net cash flows from financing activities		**252,307**		-
CASH FLOWS (USED IN) INVESTING ACTIVITIES:				
Equipment		**(6,295)**		-
Patent expenses		**(91,266)**		(3,241)
Net cash flows (used in) investing activities		**(97,561)**		(3,241)
Increase (decrease) in cash		**(553,491)**		4,433
Cash, beginning of period		**920,318**		5
Cash, end of period	**$**	**366,827**	$	4,438

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Swmbrd Sports Inc. ("Swmbrd" or the "Company") was incorporated on September 15, 2015, under the Company Act of British Columbia and is in the business of developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on January 31, 2022.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of $562,714 at November 30, 2021 (February 28, 2021: $1,195,237), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further development of its products. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company's development stages. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

2. BASIS OF PRESENTATION – continued.

Basis of Measurement - continued

The preparation of these 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. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

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) The assessment of the ultimate collectability of due from related parties.

Critical judgments

i. Going concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
ii. Provision for credit losses - Judgment is required as to the timing of establishing a provision for credit losses and the amount of the required provision, taking into consideration factors such as counterparty creditworthiness, the fair value of the underlying collateral, current economic trends and past experience.
iii. Fair value and useful life of intangible assets - The value of the intangible assets was determined based on the fair value of the consideration exchanged. Management judgementally used five years as the useful life of the intangible assets for purposes of amortization.
iv. Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

Expressed in Canadian dollars

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended February 28, 2021. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2021.

Certain new standards, interpretations and amendments to existing standards issued by the IASB or IFRIC may have become mandatory or have been issued subsequent to the year ended February 28, 2021. However, none have been identified as applicable or are consequential to the Company.

5. PREPAID EXPENSES AND DEPOSITS

	November 30, 2021 $	February 28, 2021 $
Legal retainers	21,690	3,468
Administrative agreements	-	116,667
Marketing agreements	-	105,000
Production deposits	189,716	81,501
Security deposit	30,000	-
Total prepaid expenses	241,406	306,636

6. PATENT EXPENSES

		Patents
Cost:		
At February 29, 2020	$	122,433
Additions for the year		3,240
Impairment		(5,893)
At February 28, 2021	$	119,780
Additions for the period		91,266
At November 30, 2021	$	211,046
Accumulated amortization		
At February 29, 2020	$	24,487
Amortization for the year		25,134
At February 28, 2021	$	49,621
Amortization for the period		18,341
At November 30, 2021	$	67,962
Net book value:		
At February 28, 2021	$	70,159
At November 30, 2021	$	143,084

Expressed in Canadian dollars

6. PATENT EXPENSES - continued

The Company invested in patenting their product in the following priority jurisdictions: Canada, the United States, the European Union, and Bosnia and Herzegovina. As funds permit, the Company will continue to increase the breadth of its patent holdings as well as pursuing a variety of trademarks in these jurisdictions.

During the nine months ended November 30, 2021, the Company incurred $91,266 (February 28, 2021 - $3,240) in patent costs for the development of the aquatic swim board.

7. CAPITAL EQUIPMENT

		Computer Equipment
Cost:		
At February 28, 2021	$	2,496
Change for the period		6,295
At November 30, 2021	$	8,791
Depreciation:		
At February 28, 2021	$	1,769
Change for the period		872
At November 30, 2021	$	2,641
Net book value:		
At February 28, 2021	$	727
At November 30, 2021	$	6,150

8. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

Issued and outstanding: The total issued and outstanding shares of the Company total 64,835,872 as at November 30, 2021 (February 28, 2021: 61,170,220).

During the nine months ended November 30, 2021:

i. On March 16, 2021, the Company closed a private placement of 518,500 units (each, a "Unit") at a price of $0.05 per Unit for aggregate proceeds of $25,925. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of $0.10 until July 22, 2022, and $0.15 from July 23, 2022 until July 22, 2023.

ii. On June 25, 2021, the Company closed a private placement of 2,427,152 units (each, a "Unit") at a price of $0.075 per Unit for aggregate proceeds of $182,036. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of $0.20 until December 25, 2023.

iii. On September 15, 2021 240,000 RSUs granted in March 2021 vested and on September 30, 2021 480,000 RSUs vested. On September 30, 2021, the RSU's were exercised and exchanged for 720,000 common shares of the Company. The Company recognized share-based compensation expense related to the RSUs in the amount of $36,000.

8. SHARE CAPITAL - continued

During the year ended February 28, 2021:

i. On November 27, 2020, 811 shares were issued at $160.30 per share for gross proceeds of $130,000. Also on November 27, 2020, all existing shares were subdivided at a rate of 15,469:1, leaving a total of 27,999,220 shares outstanding.

ii. On December 14, 2020, 15,200,000 common shares were issued at $0.035 per share for gross proceeds of $532,000.

iv. On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a "Unit") at a price of $0.05 per Unit for aggregate proceeds of $898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, $60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders' warrants exercisable at a price (as amended on October 27, 2021) of $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023. The finders' warrants were valued at $2,060 using the Black-Scholes option pricing model.

b) Long-term Incentive Plans

Stock Option Plan

The Company adopted an incentive stock option plan ("the Plan") which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the Canadian Securities Exchange.

Restricted Share Unit Plan

On March 15, 2021, the board of directors approved a restricted share unit ("RSU") plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation Committee, will be largely responsible for the Company's future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

On March 15, 2021, 720,000 RSUs were granted to consultants of the Company at a deemed price of $0.05 per share. The vesting date of 240,000 RSUs is September 15, 2021 and the vesting date of the remaining 480,000 RSUs is September 30, 2021. On September 30, 2021, the RSU's were exercised and exchanged for 720,000 common shares of the Company. During the nine months ended November 30, 2021, the Company recognized share-based compensation expense related to the RSUs in the amount of $29,500.

Expressed in Canadian dollars

8. SHARE CAPITAL - continued

c) Warrants

The following is a summary of share purchase warrant transactions for the nine months ended November 30, 2021 and the year ended February 28, 2021:

	November 30, 2021			February 28, 2021		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	17,971,000	$	0.10	-	$	-
Issued	2,945,652		0.18	17,971,000		0.10
Balance, end of period	20,916,652	$	0.15	17,971,000	$	0.10

The following share purchase warrants were outstanding and exercisable as at November 30, 2021 and February 28, 2021:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	November 30, 2021 Number of Warrants	February 28, 2021 Number of Warrants
August 26, 2022*	0.74	$0.15	17,971,000	17,971,000
September 16, 2022*	0.79	$0.10	518,500	-
December 25, 2022	1.07	$0.20	2,427,152	-
Total Outstanding and exercisable	0.78	$0.15	20,916,652	17,971,000

*Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.

The following is a summary of agents' warrant transactions for the nine months ended November 30, 2021 and the year ended February 28, 2021:

	November 30, 2021			February 28, 2021		
	Number of Agents' Warrants		Weighted Average Exercise Price	Number of Agents' Warrants		Weighted Average Exercise Price
Balance, beginning of period**	147,000	$	0.10	-	$	-
Issued**	-		-	147,000		0.10
Balance, end of period	147,000	$	0.15	147,000	$	0.10

Expressed in Canadian dollars

8. SHARE CAPITAL - continued

c) Warrants - continued

The following agents' warrants were outstanding and exercisable as at November 30, 2021 and February 28, 2021:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	**November 30, 2021** Number of Warrants	**February 28, 2021** Number of Warrants
August 26, 2022**	0.74	$0.10/0.15	147,000	147,000
Total Outstanding and exercisable	0.74	$0.10/0.15	147,000	147,000

**Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.

The following assumptions were used for the Black-Scholes pricing model calculations:

	February 26, 2021
Risk-free interest rate	0.30%
Expected stock price volatility	100.00%
Expected option life in years	1.5 years
Dividend rate	Nil

9. RELATED PARTY TRANSACTIONS

During the nine months ended November 30, 2021 and 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Nine months ended November 30,	
	2021	**2020**
Key management compensation*	**$**	**$**
Salaries	169,000	-
Total	169,000	-

	November 30, 2021	**February 28, 2021**
Amounts due to (from) related parties	**$**	**$**
Justin Schroenn	-	3,000
Matthew Schroenn	-	3,000
Gareth Schroenn	-	3,243
Total	-	9,243

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

9. RELATED PARTY TRANSACTIONS - continued

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

10. COMMITMENTS

On November 1, 2020, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of $14,583 per month. On December 1, 2021, the Agreement was extended a further 12 months at a rate of $12,500 per month.

On December 1, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid $140,000 up front for the initial 12-month and will expense it evenly over the period.

11. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

The Company is not exposed to significant credit risk on its cash due to its cash is placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

At November 30, 2021, the Company held cash of $366,827 (February 28, 2021: $920,318) with Canadian chartered banks.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at November 30, 2021, the Company has total current liabilities of $57,361 (February 28, 2021: $43,667).

11. FINANCIAL INSTRUMENTS - continued

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) *Currency Risk*
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the development stage and has not yet developed commercial production, the underlying commodity price for materials and services is impacted by changes in the exchange rate between the Canadian dollar, the United States dollar, and the Euro. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) *Commodity Price Risk*
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for production materials are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar and Euro, as outlined above. As the Company has not yet developed commercial production, it is not exposed to commodity price risk at this time.

iii) *Interest Rate Risk*
The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

d) Fair Value

Financial instruments measured at fair value are classified into one of 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 the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at:

	As at November 30, 2021		
	Level 1	**Level 2**	**Level 3**
Cash	$ 366,827	$ -	$ -
	$ 366,827	$ -	$ -

	As at February 28, 2021		
	Level 1	**Level 2**	**Level 3**
Cash	$ 920,318	$ -	$ -
	$ 920,318	$ -	$ -

11. FINANCIAL INSTRUMENTS - continued

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at November 30, 2021, the Company's equity was $711,948 (February 29, 2020: $1,266,123). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the production of its products. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its products, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements, or dispose of assets. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

12. SUBSEQUENT EVENTS

On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of $12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 19, 2022, the Company issued 4,000,000 performance warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The performance warrants are exercisable at a price of $0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 24, 2022, the Company closed a private placement of 655,000 units (each, a "Unit") at a price of $0.10 per Unit for aggregate proceeds of $65,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20 for 12 months and $0.30 for 24 months.