SWMBRD SPORTS INC.

Condensed Interim Financial Statements

For the Three Months Ended May 31, 2022

Unaudited – prepared by management

(Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Swmbrd Sports Inc. for the three months ended May 31, 2022, 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)

		May 31, 2022		February 28, 2022
Assets				
Current				
Cash	**$**	**17,599**	$	207,038
GST receivable		**8,442**		7,793
Prepaid expenses and deposits (Note 5)		**331,229**		243,765
		357,270		458,596
Patents (Note 6)		**160,848**		153,280
Capital equipment (Note 7)		**5,421**		5,860
	$	**523,539**	$	617,736
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**286,170**	$	94,046
Due to related parties (Note 9)		**3,528**		-
		289,698		94,046
Equity				
Share capital (Note 8)		**2,612,740**		1,976,240
Reserves (Note 8)		**2,992**		2,992
Share subscriptions received (Note 8)		**1,000**		-
Deficit		**(2,382,891)**		(1,455,542)
		233,841		523,690
	$	**523,539**	$	617,736

Commitments (Note 10)
Subsequent events (Note 12)

Approved and authorized by the Board of Directors on July 14, 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
For the three months ended May 31, 2022 and 2021
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2022		2021
Expenses				
Administrative fees (Note 10)	$	**37,500**	$	43,750
Advertising and website (Note 10)		**25,885**		51,259
Depreciation (Note 7)		**439**		56
Filing and transfer agent fees		**4,822**		-
Legal fees		**38,877**		57,419
Office, telephone and miscellaneous		**3,757**		361
Patent depreciation (Note 6)		**8,466**		3,728
Product development		**1,623**		4,376
Salaries and consulting fees (Note 9)		**105,486**		53,338
Share-based compensation (Note 8)		**634,500**		14,750
Travel and meals		**8,744**		16,999
Net and comprehensive loss for the period	$	**924,349**	$	246,036
Basic and diluted loss per share	$	**0.01**	$	0.00
Weighted average number of common shares outstanding – basic and diluted		**67,588,263**		61,598,546

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 three months ended May 31, 2022 and 2021
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares		Share Capital		Reserves		Subscription Receivable		Shares Subscribed		Deficit		Total
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)	518,500		25,925		-		-		(5,850)		-		20,075
Share issuance costs	-		(900)		-		-		-		-		(900)
Share subscriptions	-		-		-		60,000		76,549		-		136,549
Net loss for the period	-		-		-		-		-		(231,286)		(231,286)
Balance, May 31, 2021	**61,688,720**	**$**	**1,706,535**	**$**	**2,060**	**$**	**-**	**$**	**76,549**	**$**	**(594,583)**	**$**	**1,190,561**

	Number of Shares		Share Capital		Reserves		Subscription Receivable		Shares Subscribed		Deficit		Total
Balance, February 28, 2022	**65,490,872**	**$**	**1,976,240**	**$**	**2,992**	**$**	**-**	**$**	**-**	**$**	**(1,455,542)**	**$**	**523,690**
Warrants exercised (Note 8)	20,000		2,000		-		-		-		-		2,000
Share subscriptions received	-		-		-		1,000		-		-		1,000
Share-based compensation (Note 8)	4,700,000		634,500		-		-		-		-		634,500
Net loss for the period	-		-		-		-		-		(927,349)		(924,349)
Balance, May 31, 2022	**65,490,872**	**$**	**2,612,740**	**$**	**2,992**	**$**	**1,000**	**$**	**-**	**$**	**(2,382,891)**	**$**	**233,841**

Swmbrd Sports Inc.
Condensed Interim Statements of Cash Flows
For the three months ended May 31, 2022 and 2021
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2022		2021
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES:				
Net loss for the period	**$**	**(927,349)**	$	(231,286)
Items not affecting cash:				
Depreciation		**439**		56
Patent depreciation		**8,466**		3,728
Share-based compensation		**634,500**		-
Changes in non-cash working capital items related to operations:				
GST receivable		**(649)**		7,841
Prepaid expenses		**(87,464)**		77,171
Due to related parties		**3,528**		(9,243)
Accounts payable and accrued liabilities		**192,124**		5,052
Net cash flows (used in) operating activities		**(176,405)**		(146,681)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Share subscriptions received		**1,000**		136,549
Issue of common shares		**2,000**		20,075
Share issuance costs		**-**		(900)
Net cash flows from financing activities		**3,000**		155,724
CASH FLOWS (USED IN) INVESTING ACTIVITIES:				
Patents		**(16,034)**		(4,403)
Net cash flows (used in) investing activities		**(16,034)**		(4,403)
Increase (decrease) in cash		**(189,439)**		4,640
Cash, beginning of period		**207,038**		920,318
Cash, end of period	**$**	**17,599**	$	924,958

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. The Company was listed on the Canadian Securities Exchange ("CSE") on February 16, 2022 under the symbol "SWIM".

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on July 14, 2022.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of $67,572 at May 31, 2022 (February 28, 2022: $364,550), 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

<u>Statement of Compliance</u>

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.

2. BASIS OF PRESENTATION – continued

Basis of Measurement - continued

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.

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 judgmentally 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, 2022. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2022.

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, 2022. However, none have been identified as applicable or are consequential to the Company.

5. PREPAID EXPENSES AND DEPOSITS

	May 31, 2022 $	February 28, 2022 $
Legal retainers	-	11,319
Marketing agreements	102,083	-
Insurance	9,430	12,730
Production deposits	189,716	189,716
Security deposit	30,000	30,000
Total prepaid expenses	331,229	243,765

6. PATENT EXPENSES

		Patents
Cost:		
At February 28, 2021	$	119,780
Additions for the year		110,495
Impairment		-
At February 28, 2022	$	230,275
Additions for the period		16,034
At May 31, 2022	$	246,309
Accumulated depreciation		
At February 28, 2021	$	49,621
Depreciation for the year		27,374
At February 28, 2022	$	76,995
Depreciation for the period		8,466
At May 31, 2022	$	85,461
Net book value:		
At February 28, 2022	$	153,280
At May 31, 2022	$	160,848

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 three months ended May 31, 2022, the Company incurred $16,034 (February 28, 2022 - $110,495) in patent costs for the development of the aquatic swim board.

7. CAPITAL EQUIPMENT

		Computer Equipment
Cost:		
At February 28, 2022	$	8,791
Additions for the period		-
At May 31, 2022	$	8,791
Depreciation:		
At February 28, 2022	$	2,931
Depreciation for the period		439
At May 31, 2022	$	3,370
Net book value:		
At February 28, 2022	$	5,860
At May 31, 2022	$	5,421

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 65,510,872 as at May 31, 2022 (February 28, 2022: 65,490,872).

During the three months ended May 31, 2022:

i. On April 20, 2022, the Company issued 4,700,000 shares with a fair value of $0.135 per share in connection with the hiring of a Consultant. See Note 10.

ii. On May 18, 2022, 20,000 shares purchase warrants priced at $0.10 were exercised for gross proceeds of $2,000.

iii. On May 6, 2022, the Company received $1,000 for a private placement subscription that was completed in June. See Note 12.

During the year ended February 28, 2022:

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.

8. SHARE CAPITAL - continued

During the year ended February 28, 2022: - continued

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.

iv. 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 a further 12 months. The Company granted 25,900 finder's warrants with the same terms as the share purchase warrants. The finders' warrants were valued at $932 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 was September 15, 2021 and the vesting date of the remaining 480,000 RSUs was September 30, 2021. On September 30, 2021, the RSU's were exercised and exchanged for 720,000 common shares of the Company. During the year ended February 28, 2022, the Company recognized share-based compensation expense related to the RSUs in the amount of $36,000.

Expressed in Canadian dollars

8. **SHARE CAPITAL** – continued

c) Warrants

The following is a summary of share purchase warrant transactions for the three months ended May 31, 2022 and the year ended February 28, 2022:

	May 31, 2022			**February 28, 2022**		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	21,571,652	$	0.11	17,971,000	$	0.10
Exercised	(20,000)		0.10	-		-
Issued	-		-	3,600,652		0.19
Balance, end of period	21,551,652	$	0.11	21,571,652	$	0.11

The following share purchase warrants were outstanding and exercisable as at May 31, 2022 and February 28, 2022:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	**May 31, 2022** Number of Warrants	**February 28, 2022** Number of Warrants
July 1, 2023*	1.08	$0.10/0.15	17,951,000	17,971,000
July 22, 2023*	1.14	$0.10/0.15	518,500	518,500
December 25, 2023	1.57	$0.20	2,427,152	2,427,152
January 24, 2024***	1.65	$0.20/$0.30	655,000	655,000
Total Outstanding and exercisable	1.16	$0.11	21,551,652	21,571,652

*Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.
**Warrant exercise price is $0.10 until July 22, 2022, and $0.15 from July 23, 2022 until July 22, 2023.
***Warrant exercise price is $0.20 until January 23, 2023, and $0.30 from January 24, 2023 until January 24, 2024.

The following is a summary of agents' warrant transactions for the three months ended May 31, 2022 and the year ended February 28, 2022:

	May 31, 2022			**February 28, 2022**		
	Number of Agents' Warrants		Weighted Average Exercise Price	Number of Agents' Warrants		Weighted Average Exercise Price
Balance, beginning of period	172,900	$	0.11	147,000	$	0.10
Issued	-		-	25,900		0.20
Balance, end of period	172,900	$	0.11	172,900	$	0.11

Expressed in Canadian dollars

8. SHARE CAPITAL - continued

c) Warrants - continued

The following agents' warrants were outstanding and exercisable as at May 31, 2022 and February 28, 2022:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	**May 31, 2022** Number of Warrants	**February 28, 2022** Number of Warrants
July 1, 2023*	1.08	$0.10/0.15	147,000	147,000
January 24, 2024***	1.65	$0.20/0.30	25,900	25,900
Total Outstanding and exercisable	1.17	0.11	172,900	172,900

*Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.
***Warrant exercise price is $0.20 until January 23, 2023, and $0.30 from January 24, 2023 until January 24, 2024

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

	February 26, 2021	January 24, 2022
Risk-free interest rate	0.30%	1.24%
Expected stock price volatility	100.00%	100.00%
Expected option life in years	1.5 years	2 years
Dividend rate	Nil	Nil

On June 2, 2022, the Company commenced a warrant exercise incentive program (the "Incentive Program") for the exercise of up to 18,489,500 outstanding warrants and 147,000 outstanding agent's warrants of the Company (collectively, "Eligible Warrants"), being an aggregate of 18,636,500 Eligible Warrants, with exercise prices and expiry dates as follows:

Number of Warrants	Exercise Price	Grant Date	Expiry Date
17,971,000 Warrants and 147,000 Agent's Warrant	$0.10 until July 1, 2022 $0.15 until July 1, 2023	February 26, 2021	July 1, 2023
518,500 Warrants	$0.10 until July 22, 2022 $0.15 until July 22, 2023	March 16, 2021	July 22, 2023

Pursuant to the Incentive Program, each holder of Eligible Warrants that exercises Eligible Warrants during the Incentive Program period of June 2, 2022 to June 29, 2022 will receive one additional common share purchase warrant (each, a "Incentive Warrant"), with each Incentive Warrant entitling the holder to purchase one additional common share at a price of $0.12 until June 29, 2027. Eligible Warrants that remain unexercised following the completion of the Early Exercise Period will continue to be exercisable for Shares on the original terms as they existed prior to the Program.

See Note 12.

Expressed in Canadian dollars

8. SHARE CAPITAL - continued

d) Performance warrants

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 April 4, 2022, the Company entered into an employment agreement with a senior level executive, however it did not include his appointment as CEO, and as a result, the performance warrants have not vested and no share-based compensation has been recognized.

9. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2022 and 2021, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Three months ended May 31,	
	2022	**2021**
Key management compensation*	**$**	**$**
Salaries	84,000	48,000
Share-based payments	634,500	-
Total	718,500	48,000

	May 31, 2022	February 28, 2022
Amounts due to (from) related parties	**$**	**$**
Chris Kypriotis	1,332	-
Gareth Schroenn	2,196	-
Total	3,769	-

* 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.

During the year ended February 28, 2022, 12,000,000 performance warrants were granted to directors of the Company (see Note 8 (d)), although they have not vested during the three months ended May 31, 2022.

On March 15, 2021, 240,000 RSUs were granted to a director of the Company at a deemed price of $0.05 per share. The RSUs vested on September 15, 2021 and on September 30, 2021 these RSUs were exercised and exchanged for 240,000 common shares of the Company. The Company recognized share-based compensation expense related to these RSUs in the amount of $12,000.

On April 20, 2022, the Company issued 4,700,000 shares with a fair value of $0.135 per share in connection with the hiring of a Consultant.

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

On March 1, 2022, the Company entered into a twelve-month investor relations agreement with Stockhouse Publishing Inc. ("Stockhouse"). Stockhouse has agreed to provide investor relations services to the Company in exchange for an aggregate amount of $157,500 (including GST). $118,125 (including GST) is payable and will be applied to the first and last two months of the contract. The remainder of the fee is payable monthly.

On March 1, 2022, the Company entered into an investor relations agreement with TNW Media Agency ("TNWMedia"). TNWMedia has agreed to provide investor relations services to the Company in exchange for a monthly payment of $3,500. The terms of service commenced on March 1, 2022 and was terminated by mutual consent on March 31, 2022.

On March 1, 2022, the Company entered into a marketing agreement with Trevor O'Neill ("O'Neill"). O'Neill has agreed to provide marketing services to the Company in exchange for a monthly payment of $4,000. The terms of service commenced on March 1, 2022 and will continue on an "as needed" basis, commencing with a three-month probationary period.

On March 5, 2022, the Company entered into an investor relations agreement with Proactive Investors North America Inc. ("Proactive"). Proactive has agreed to provide investor relations services to the Company in exchange for an aggregate amount of $25,000 (including GST) due upfront. The initial term of service is until March 31, 2023 and automatically renews thereafter for an additional twelve-month term.

On April 4, 2022, the Company entered into a consulting agreement with Black Tag Inc. (the "Consultant"). The principle of the Consultant, Chris Kypriotis, has agreed to serve as a director and chairman of the Board. In consideration for the services, the Company has agreed to pay the Consultant a bonus with the issuance of 4,700,000 common shares at a fair value price of $0.135 per share and a monthly fee of $7,000. This monthly fee will be paid retroactively from January 1, 2022.

On April 20, 2022, the Company entered into a market making services agreement and a consulting agreement with Venture Liquidity Providers Inc. ("VLP"). In consideration for the services, the Company has agreed to pay VLP a monthly fee of $5,000 and grant stock options at a future date.

On June 13, 2022, the Company entered into an investor relations agreement with Sutton Integrated Communications Ltd. ("Sutton"). Sutton has agreed to provide investor relations services to the Company in exchange for US$8,000, of which US$4,000 will be paid by the Company on commencement by the grant of 57,128 performance share units (each, a "PSU") and the remaining US$4,000 will be paid in cash on completion of the agreement. Each PSU granted will be subject to the terms of the Company's Long Term Incentive Plan and represents the right to receive one common share in the capital of the Company. The PSUs issued under the agreement will vest once all performance criteria specified in the agreement are met as determined by the Board of Directors.

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 May 31, 2022, the Company held cash of $17,599 (February 28, 2022: $207,038) 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 May 31, 2022, the Company has total current liabilities of $289,939 (February 28, 2022: $94,046).

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.

Expressed in Canadian dollars

11. FINANCIAL INSTRUMENTS - continued

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 May 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 17,599	$ -	$ -
	$ 17,599	$ -	$ -

	As at February 28, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 207,038	$ -	$ -
	$ 207,038	$ -	$ -

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at May 31, 2022, the Company's equity was $233,841 (February 28, 2022: $523,690). 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 June 22, 2022, the Company completed a non-brokered private placement offering (the "Offering") issuing 3,460,000 units (each, a "Unit") at a price of $0.10 per Unit for gross proceeds of $346,000. Each Unit is comprised of one common share (each, a "Common Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to acquire one additional Common Share at a price of $0.20 per share, for a period of 12 months from the date the Units are issued. The Company plans to allocate the net proceeds of the Offering for the production of SWMBRDs for sale, the production of two (2) additional SWMBRD molds in different sizes, expenses related to listings on the OTCQB and Frankfurt Exchange and as general working capital. All securities issued pursuant to the Offering will be subject to applicable resale restrictions, including a four month hold from the date of issuance.

On June 29, 2022, the Company completed a warrant exercise incentive program (the "Incentive Program") for the exercise of up to 18,489,500 outstanding warrants and 147,000 outstanding agent's warrants of the Company (collectively, "Eligible Warrants"), being an aggregate of 18,636,500 Eligible Warrants. Pursuant to the Incentive Program, each holder of Eligible Warrants that exercises Eligible Warrants during the Incentive Program period of June 2, 2022 to June 29, 2022 will receive one additional common share purchase warrant (each, a "Incentive Warrant"), with each Incentive Warrant entitling the holder to purchase one additional common share at a price of $0.12 until June 29, 2027. Eligible Warrants that remain unexercised following the completion of the Early Exercise Period will continue to be exercisable for Shares on the original terms as they existed prior to the Program. A total of 19 eligible warrant holders participated in the Incentive Program and exercised an aggregate of 3,001,500 warrants for gross proceeds of $300,150. The Company issued an aggregate of 3,001,500 Incentive warrants to the Eligible Holders.