ADAPTOGENICS HEALTH CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Adaptogenics Health Corp.

Opinion

We have audited the financial statements of Adaptogenics Health Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2023 and March 31, 2022 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and March 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
June 29, 2023

Adaptogenics Health Corp.

Statements of Financial Position

(Stated in Canadian Dollars)

	Notes	March 31, 2023	March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 261,967	$ 533,515
Amounts receivable		4,240	4,290
Prepaid expenses		36,329	39,690
Total current assets		302,536	577,495
TOTAL ASSETS		$ 302,536	$ 577,495
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		$ 33,034	$ 38,337
Due to related parties	**9**	5,931	9,975
TOTAL LIABILITIES		38,965	48,312
Shareholders' equity			
Share capital	**5**	669,886	669,886
Deficit		(406,315)	(140,703)
Total equity		263,571	529,183
TOTAL LIABILITIES AND EQUITY		$ 302,536	$ 577,495
Nature and continuance of operations and going concern	**1**		

"Daryl Ware-Lane"
Director

"Hani Zabaneh"
Director

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

Adaptogenics Health Corp.

Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

	Notes	Year-ended March 31, 2023	2022
Expenses			
Advertising and promotions		$ 49,421	$ 23,845
Consulting fees		30,790	24,674
Filing fees		33,095	-
General and administrative		4,206	1,365
Management fees	**9**	74,900	57,100
Professional fees		59,081	33,719
Product and development costs		19,157	-
Loss befor other item		(270,650)	(140,703)
Other income (expense)			
Interest income		5,038	-
Loss and comprehensive loss for the year		$ (265,612)	$ (140,703)
Weighted average number of common shares outstanding			
Basic		16,397,701	5,622,007
Diluted		16,397,701	5,622,007
Basic and diluted loss per common share		$ (0.02)	$ (0.03)

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

Adaptogenics Health Corp.
Statements of Cash Flows
(Stated in Canadian Dollars)

	Year-ended March 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (265,612)	$ (140,703)
Changes in non-cash working capital items:		
Amounts receivable	50	(4,290)
Prepaid expenses	3,361	(39,690)
Trade and other payables	(5,303)	38,337
Due to related parties	(4,044)	9,975
Net cash used in operating activities	(271,548)	(136,371)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of issuance costs	-	669,886
Change in cash during the year	(271,548)	533,515
Cash and cash equivalents, beginning of year	533,515	-
Cash and cash equivalents, end of year	$ 261,967	$ 533,515
Cash and cash equivalents consists of:		
Cash	$ 6,967	$ 533,515
Short-term deposits	255,000	-
	$ 261,967	$ 533,515
Supplemental Cash Flow Information		
Income taxes paid	$ -	$ -
Interest paid (received)	$ -	$ -

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

ADAPTOGENICS HEALTH CORP.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	Common Shares						
	Number		Amount		Deficit		Total
Balance at March 31, 2022	16,397,701	$	669,886	$	(140,703)	$	529,183
Net loss for the year	-		-		(265,612)		(265,612)
Balance at March 31, 2023	16,397,701	$	669,886	$	(406,315)	$	263,571

	Common Shares						
	Number		Amount		Deficit		Total
Balance at April 1, 2021	-	$	-	$	-	$	-
Issue of common shares for cash	16,397,701		669,886		-		669,886
Net loss for the year	-		-		(140,703)		(140,703)
Balance at March 31, 2022	16,397,701	$	669,886	$	(140,703)	$	529,183

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Adaptogenics Health Corp. (the “Company”) was incorporated on April 1, 2021 pursuant to the Business Corporations Act (British Columbia). On December 14, 2022, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission and on January 9, 2023, the Company’s common shares began trading on the Canadian Securities Exchange (“CSE”). The shares of the Company currently trades under the symbol "ADPT” on the CSE.

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company is a Canadian-based nutraceutical company focused on the formulation and distribution of functional mushroom products and nutritional supplement alternatives. The Company is in the process of developing product formulations combining functional mushrooms and adaptogenic herbs which are aimed to support holistic health. The Company is committed to growing a presence in North America through a multifaceted distribution strategy to advance the mission of improving and empowering human health and wellness.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including relations between NATO and the Russian Federation regarding the situation in Ukraine and, potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

As at March 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of $406,315 since inception, and expects to incur further losses in the development of its business. These events and conditions indicate a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and successful development and launch of its functional mushroom and nutritional supplement alternatives to the market. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

The head office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6.

2. BASIS OF PRESENTATION

a) Statement of compliance and basis of measurement

These audited financial statements, including any comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured as at their fair value.

In addition, these audited financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PRESENTATION (continued):

b) **Statement of compliance and basis of measurement:**

These audited financial statements of the Company for the year ended March 31, 2023 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 29, 2023.

c) Functional currency and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash at banks and on hand, and short-term deposits which are cashable without penalty and are readily convertible into a known amount of cash, and subject to an insignificant risk of change in fair value.

b) Financial instruments

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

b) Financial instruments (continued):

The following table shows the classification of the Company's financial assets and liabilities under IFRS:

Financial asset or liability	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Trade and other payables	Amortized cost
Due to related parties	Amortized cost

c) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

d) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares, warrants or stock options are shown in equity as a deduction, net of tax, from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Share capital (continued):

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component, as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

e) Loss per common share

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period.

Diluted loss per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year-end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

f) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options remain in share-based payments reserve upon their expiry or cancellation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

g) Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at every reporting period. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable and at least annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income or loss.

h) New standards, interpretations and amendments not yet adopted

As at March 31, 2023, the following accounting standards and amendments are effective for future periods. The Company is in the process of assessing the potential impact upon adoption.

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

Critical accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to the going concern assumption.

5. SHARE CAPITAL

Authorized capital stock: unlimited number of common shares without par value.

During the year ended March 31, 2023, there were no common shares issued by the Company.

During the year ended March 31, 2022, the Company issued the following common shares:

- On April 1, 2021, the Company issued 1 common share pursuant to the inception of the Company for nominal value of $1.
- On July 31, 2021, the Company issued 5,000,000 common shares at $0.02 per share for gross proceeds of $100,000.
- On January 18, 2022, the Company issued an aggregate of 11,397,700 common shares at $0.05 per share for gross proceeds of $569,885.

Upon the Company's shares being listed on the CSE, certain common shares held by the Company's directors were subject to escrow. As at March 31, 2023, the Company had 2,709,001 common shares remaining in escrow which will be fully released over the next 33 months in semi-annual installments.

6. SHARE-BASED PAYMENTS

Stock Options:

On January 18, 2022, the Company adopted a stock option plan in accordance with the rules and policies of the Canadian Securities Exchange. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of the grant of the stock options, and (b) the date of grant of the stock options, and the term may not exceed 10 years. The aggregate number of securities available for issuance under the plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

As at March 31, 2023, there were no options granted and exercisable.

7. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The Company's cash is measured at fair value, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

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 fair value of the Company's accounts payable and accrued liabilities and amounts due to related parties, approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. Amounts receivable consists of input tax credits receivable from the Government of Canada and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had a cash and cash equivalents balance of $261,967 to settle current liabilities of $38,965. The Company expects to fund future liabilities through the issuance of capital stock. See Note 1 for discussion of going concern risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

As at March 31, 2023, the Company had $255,000 (FY2022 - $nil) invested in investment-grade short-term deposit certificates earning 3.310% interest per annum.

(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its business interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to fund new business opportunities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it determines there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so (see Note 1).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year-ended March 31, 2023	Year-ended March 31, 2022
Management fees	$ 74,900	$ 25,500

*includes base salaries pursuant to employment or consultancy arrangements and have been recorded in management fees.

- During the year ended March 31, 2023, the Company paid management fees totaling $34,000 (FY2022 -$12,000) to Daryl Ware-Lane, a director and the CEO of the Company.

- During the year ended March 31, 2023, the Company paid management fees totaling $19,500 (FY2022 - $7,500) to Blue Ocean Productions Ltd., a company controlled by a director and VP Sales of the Company.

- During the year ended March 31, 2023, the Company paid management fees totaling $14,500 (FY2022 - $4,500) to Hani Zabaneh, a director of the Company.

- During the year ended March 31, 2023, the Company paid management fees totaling $6,900 (FY2022 - $1,500) to MJJ Corporate Services Inc., a company controlled by the CFO of the Company.

As at March 31, 2023, the Company had $5,931 (FY2022 - $9,975) due to related parties. The amounts owing are unsecured, non-interest bearing and have no specific terms of repayment.

(Expressed in Canadian Dollars)

10. INCOME TAX

		2023		**2022**
Net loss for the year	$	(265,612)	$	(140,703)
Expected income tax (recovery) – 27%	$	(71,715)	$	(37,990)
Permanent difference		190		97
Change in unrecognized temporary difference and other	$	71,525	$	37,893
Total income tax expense (recovery)	$	-	$	-

As at March 31, 2023, the Company had non-capital losses of approximately $405,000, if not utilized will expire between 2042 and 2043.