

SLEEPING GIANT CAPITAL CORP.

(A Capital Pool Corporation)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE PERIOD FROM JANUARY 18, 2021
(DATE OF INCORPORATION) TO DECEMBER 31, 2021**

(Expressed in Canadian Dollars)

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF LOSS AND COMPREHENSIVE LOSS.....	6
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.....	7
STATEMENT OF CASHFLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sleeping Giant Capital Corporation

Opinion

We have audited the financial statements of Sleeping Giant Capital Corporation (the "Corporation"), which comprise the statement of financial position as at December 31, 2022 and 2021 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2022 and period from incorporation on January 18, 2021 to December 31, 2021, 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 Corporation as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year December 31, 2022 and period from incorporation on January 18, 2021 to December 31, 2021, 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 Corporation 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.

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 for the year ended December 31, 2022. 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.

We have determined that there are no key audit matters to communicate in our auditor's 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 and will 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 when it becomes available 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 Management's Discussion and Analysis prior to the date of the 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.

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Responsibilities of Management 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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 Corporation'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 Corporation'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 Corporation 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

RSM Canada LLP

Chartered Professional Accountants
April 19, 2023
Calgary, Alberta

SLEEPING GIANT CAPITAL CORP.
Statements of Financial Position
(All Amounts are in Canadian Dollars)

As at		December 31, 2022	December 31, 2021
	Notes	\$	\$
ASSETS			
CURRENT			
Cash	5	431,910	463,954
Accounts receivable		-	7,871
TOTAL ASSETS		431,910	471,825
 LIABILITIES			
Accounts payable and accrued liabilities		24,040	5,000
 SHAREHOLDERS' EQUITY			
Share capital	6	443,314	443,314
Contributed surplus	6	123,280	110,581
Deficit		(158,724)	(87,070)
TOTAL SHAREHOLDERS' EQUITY		407,870	466,825
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		431,910	471,825

See the accompanying notes to the financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Signed "Terence S. Meek"

Terence S. Meek, Director and Chief Executive Officer

Signed "Gregory G. Turnbull"

Gregory G. Turnbull, Director

SLEEPING GIANT CAPITAL CORP.
Statements of Loss and Comprehensive Loss
(All Amounts are in Canadian Dollars)

		Year Ended December 31, 2022	Period from January 18 to December 31, 2021
	Notes	\$	\$
EXPENSES			
Professional fees		51,800	9,296
Listing fees		5,460	5,436
General and administrative		1,695	753
Share-based compensation	6	12,699	71,584
Net loss before tax		(71,654)	(87,070)
Income tax expense	10	-	-
NET LOSS AND COMPREHENSIVE LOSS		(71,654)	(87,070)
NET LOSS PER SHARE – Basic and diluted		(0.0092)	(0.0304)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted	6	7,800,000	2,867,435

See the accompanying notes to the financial statements.

SLEEPING GIANT CAPITAL CORP.
Statements of Changes in Shareholders' Equity
(All Amounts are in Canadian Dollars)

		Year ended December 31,	Period from January 18 to December 31,
		2022	2021
	Notes	\$	\$
SHARE CAPITAL			
Balance, beginning of year/period		443,314	-
Issuance of common shares	6	-	640,000
Share issue costs	9	-	(196,686)
Balance, end of year/period		443,314	443,314
CONTRIBUTED SURPLUS			
Balance, beginning of year/period		110,581	-
Share issue costs	9	-	38,997
Share-based compensation	6	12,699	71,584
Balance, end of year/period		123,280	110,581
DEFICIT			
Balance, beginning of year/period		(87,070)	-
Net loss and comprehensive loss		(71,654)	(87,070)
Balance, end of year/period		(158,724)	(87,070)
SHAREHOLDERS' EQUITY			
Balance, beginning of year/period		466,825	-
Share-based compensation	6	12,699	71,584
Issuance of common shares		-	640,000
Share issue costs	9	-	(157,689)
Net loss and comprehensive loss		(71,654)	(87,070)
Balance, end of year/period		407,870	466,825

See the accompanying notes to the financial statements.

SLEEPING GIANT CAPITAL CORP.
Statement of Cash Flows
(All Amounts are in Canadian Dollars)

	Year ended December 31,	Period from January 18 to December 31,
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:	2022	2021
	Notes	
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(71,654)	(87,070)
Add items not affecting cash:		
Share-based compensation	12,699	71,584
Changes in non-cash working capital		
Accounts receivable	7,871	(7,871)
Accounts payable and accrued liabilities	19,040	5,000
Cash used in operating activities	(32,044)	(18,357)
FINANCING ACTIVITIES		
Issuance of common shares	-	640,000
Share issuance costs paid	-	(157,689)
Cash provided by financing activities	-	482,311
Increase (decrease) in cash	(32,044)	463,954
Cash, beginning of year/period	463,954	-
Cash, end of year/period	431,910	463,954

See the accompanying notes to the financial statements

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

1. NATURE OF ORGANIZATION

Description of the Business

Sleeping Giant Capital Corp. (the “**Corporation**”) was incorporated under the *Business Corporations Act* (Alberta) on January 18, 2021. The Corporation was formed to complete an Initial Public Offering (“**IPO**”) and become classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “**Exchange**”). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“**QT**”), as defined under Exchange Policy 2.4. The Corporation has not commenced commercial operations and has no business assets. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

The address of the Corporation’s registered office is 4000, 421 – 7th Avenue S.W., Calgary, AB T2P 4K9.

On April 19, 2023, the Board of Directors of the Corporation approved and authorized for issue the Financial Statements for the year ended December 31, 2022.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Basis of Measurement

These financial statements were prepared on a historical cost basis. The Corporation does not have any financial instruments measured at fair value.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

3. USE OF ESTIMATES AND JUDGEMENT

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements regarding the reported amounts of assets, liabilities and disclosures and the reported amounts of expenses during the reporting period.

Estimates and judgments 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. Actual outcomes can differ from these estimates.

Key Sources of Estimation Uncertainty

The following are the key estimates and related assumptions concerning the sources of estimation uncertainty that have a significant risk of causing adjustments to the carrying amount of assets and liabilities:

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

Stock options and agents' options

In estimating the fair value of stock options and agents' options using the Black-Scholes option pricing model, the Corporation uses assumptions related to the risk-free interest rate, expected option life, estimated forfeitures, estimated market price of the Corporation's shares, and estimated future volatility of the Corporation's share price.

Income taxes

The Corporation recognizes deferred tax assets (if any) to the extent that it is probable that future taxable profits will be available to utilize the Corporation's deductible temporary differences which are based on management's judgment on the degree of future taxable profits. To the extent that assumptions regarding future profitability change, there can be an adjustment in the deferred tax assets as well as an income impact in the period in which the change occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with IFRS within the framework of the significant policies described below:

Share Issuance Costs

Costs and share-based payments directly related to issuance of share capital are charged as a reduction against share capital.

Income Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

Share-based Payments

Stock-options granted to directors and officers and agents' options are accounted for using the fair value method. Equity-settled awards granted to non-employees for services rendered are recorded at the fair value of the good or the service received, unless the value of these services cannot be reliably measured. If the value of these services cannot be reliably measured the Corporation uses the fair value of the equity instruments issued.

The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense or issue cost is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. When recognizing the fair value of each tranche over its respective vesting period, the Corporation incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates. No expense or issue cost is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting provided that all other performance conditions are satisfied.

Loss per share

The Corporation presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is antidilutive.

Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

Financial Instruments

The Corporation classifies its financial assets and financial liabilities in the following measurement categories 1) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and 2) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation's cash is a financial asset measured at amortized cost. Accounts payable and accrued liabilities are measured at amortized cost.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of the subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. Fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The Corporation assesses all information available, including on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The Corporation will apply the simplified approach which requires expected lifetime credit losses to be recognized from initial recognition of any accounts receivables.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Impairment of Financial Assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in operations.

Fair Value Hierarchy

The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique use to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements, except as follows

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments include specifying the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and expectations about events after the balance sheet date are not relevant. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Corporation is in the process of evaluating the impact of the standard on its financial statements.

In addition, there are no other future accounting pronouncements that are expected to have a material impact on the financial statements.

5. CASH

The Corporation has \$431,910 (2021 - \$463,954) held in its Canadian dollar business bank account. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

6. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of common shares and unlimited number of preferred shares (issuable in series) and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. A summary of the issued and outstanding common shares is presented below:

	Year Ended December 31, 2022		Period from January 18 to December 31, 2021	
	Number of shares	\$	Number of shares	\$
Issued seed shares at \$0.05 per share	2,800,000	140,000	2,800,000	140,000
Issued IPO shares at \$0.10 per share	5,000,000	500,000	5,000,000	500,000
Share issuance costs	-	(196,686)	-	(196,686)
Ending Balance	7,800,000	443,314	7,800,000	443,314

On January 28, 2021, the directors, officers and other non-arm's length parties of the Corporation subscribed for 2,800,000 common shares at a price of \$0.05 per common share for gross proceeds of \$140,000.

All 2,800,000 issued and outstanding common shares issued of the Corporation, and all common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT, will be held in escrow pursuant to the requirements of the Exchange. These shares will be released from escrow over a period of 18 months following the completion of the QT.

On June 15, 2021, the Corporation issued 5,000,000 common shares at \$0.10 per share for aggregate gross proceeds of \$500,000 pursuant to a prospectus dated May 20, 2021 (the "Offering"). The Corporation

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

entered into an agreement with Richardson Wealth Limited (the “Agent”) to raise the gross proceeds of \$500,000 in connection with the Corporation’s IPO. The Corporation paid a commission of 10% of gross proceeds to the Agent amounting to \$50,000 and a corporate finance fee of \$15,000. In addition, the Agent was granted non-transferable options to purchase an aggregate of 500,000 Common Shares at \$0.10 per share, valid for five years following the closing of the Offering. The Corporation reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering, in respect of the Offering the Corporation incurred costs of \$13,753, in combination with the above costs for a total issuance cost of \$78,753.

No additional common shares of the Corporation were issued during the year ended December 31, 2022.

Stock options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire one year after the death of a director or officer and in the event of termination of employment or holding office as director or officer of the Corporation, subject to the expiry date of the option. The number of common shares issued to any individual director or senior officer in a 12-month period cannot exceed 5% of the issued and outstanding common shares, on a non-diluted basis, as at the date of grant of the stock option.

During the year ended December 31, 2022, the Corporation entered into stock option agreements, granting stock options to officers and directors to acquire up to an aggregate of 156,000 (2021 – 780,000) common shares of the Corporation, at an exercise price of \$0.10 (2021 - \$0.10) per share any time prior to June 15, 2031 (2021 - June 15, 2031). In addition, 156,000 (2021 -Nil) options were forfeited.

The summary of outstanding stock options is as follows:

	Year Ended December 31, 2022			Period ended December 31, 2021		
	Number of options	Weighted Average Exercise Price	Weighted Average Remaining Life	Number of options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, beginning of year/period	1,280,000	\$ 0.10	9.46	-	-	-
Granted during the year/period	156,000	-	9.46	1,280,000	\$ 0.10	9.46
Forfeited during the year/period	(156,000)	0.10	9.46	-	-	-
Balance, end of year/period	1,280,000	\$ 0.10	8.46	1,280,000	\$ 0.10	9.46

As at December 31, 2022, all options granted are exercisable and are held in escrow until a QT has occurred.

Share based compensation

The fair value of options was estimated on the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

	December 31, 2022	December 31, 2021
Fair value of options	\$ 0.08	\$ 0.06
Exercise price	\$ 0.10	\$ 0.10
Share price	\$ 0.10	\$ 0.10
Dividend yield	0%	0%
Forfeiture rate	0%	0%
Risk-free interest rate	2.75%	1.28%
Expected life of options	10 years	10 years
Expected volatility	79%	108%

The forfeiture rate has been estimated based on management's expectations and expected volatility has been estimated based on volatility of comparable Company's shares.

During the year ended December 31, 2022, \$12,699 (2021 - \$71,584) was included in stock-based compensation expense related to stock options, with a corresponding increase to contributed surplus.

Agent options

On June 15, 2021, the Corporation granted stock option to the Agents in relation to the Offering. The options are equal to 10% of the aggregated number of common shares sold in the Offering at a price of \$0.10 per share expiring 5 years from the date of the grant. Not more than 50% of the Common Shares received on the exercise of the Agents' Options may be sold prior to the completion of QT.

No additional agent options were granted during the year ended December 31, 2022.

The summary of outstanding agent options is as follows:

	Year Ended December 31, 2022			Period ended December 31, 2021		
	Stock options	Average Price	Weighted Average Remaining Life	Stock options	Average Price	Weighted Average Remaining Life
Balance, beginning of year/period	500,000	\$ 0.10	4.46	-	-	-
Granted during the year/period	-	-	-	500,000	\$ 0.10	4.46
Balance, end of year/period	500,000	\$ 0.10	3.46	500,000	\$ 0.10	4.46

During the year ended, December 31, 2022, the Corporation attributed \$Nil (2021 - \$38,997) to share issue costs for the Agent options using the Black-Scholes option pricing model based on the following weighted average assumptions:

	December 31, 2021
Fair value of options	\$ 0.03
Exercise price	\$ 0.10
Share price	\$ 0.10
Dividend yield	0%
Forfeiture rate	0%
Risk-free interest rate	1.28%
Expected life of options	5 years
Expected volatility	108%

The forfeiture rate and expected volatility of the options has been estimated based on management's expectations and volatility of comparable Company's shares.

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

Net loss per share

In calculating the basic net loss per share for year ended December 31, 2022, the weighted average number of shares used in the calculation is shown in the table below:

	Year ended December 31,	Period from January 18 to December 31,
	2022	2021
Net loss	\$ (71,654)	\$ (87,070)
Weighted average number of shares outstanding	7,800,000	2,867,435
Net loss per share	\$ (0.0092)	\$ (0.0304)

7. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Corporation is not subject to any externally or internally imposed capital requirements as at December 31, 2022 other than already disclosed in Note 5.

The Corporation's capital under management consists of shareholders' equity and is \$407,870 (2021 - \$465,825) as at December 31, 2022.

During the year ended December 31, 2022, there were no changes to the Corporations capital risk management policy.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk Management

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is equity financing, which is used to finance working capital

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

requirements, and to meet the Corporation's financial obligations associated with financial liabilities. The Corporation's trade payables and accrued liabilities generally have contracted maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2022, the Corporation has a cash balance of \$431,910 (2021 - \$463,954) to pay liabilities of \$24,040 (2021 - \$5,000).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk as at December 31, 2022 and December 31, 2021.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation's credit risk is on its funds held in its Canadian dollar business bank account. Management assesses credit risk related to funds held in trust as remote as it is held with a reputable Canadian bank.

9. RELATED PARTY TRANSACTIONS

The Company engaged a law firm, of which an officer is a partner of, to provide legal and advisory services. An amount of \$28,866 (2021 - \$82,518) related to these legal fees have been recorded for the year ended December 31, 2022, of which \$28,866 (2021 - \$3,583) are included in professional fees and \$Nil (2021 - \$78,936) are included in share issuance costs, of these amounts \$12,951 (2021 - \$78,936) are included in accounts payable and accrued liabilities.

There was no remuneration paid to management personnel during the year ended December 31, 2022. According to the Exchange, compensation to management, board members, or other non-arm's length parties is prohibited.

Transactions involving related parties are in the normal course of business.

10. INCOME TAXES

- (a) The items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 23%, for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
	\$	\$
Loss before income taxes	71,654	87,070
Expected income tax recovery	16,480	20,026
Adjustments to benefit resulting from:		
Share-based compensation	(2,921)	(16,465)
Other	(174)	7,195
Deductible temporary differences in equity	29,015	29,015
Change in unrecognized deductible temporary differences	13,385	39,771
Deferred income tax recovery	-	-

SLEEPING GIANT CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(All Amounts are in Canadian Dollars)

- (b) The Company does not have any tax benefits from non-capital loss carry-forwards to date.
- (c) Unrecognized deferred tax assets

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
	\$	\$
Non-capital loss carry-forwards	31,395	10,756
Share issuance costs	21,761	29,015
Total	<u>53,156</u>	<u>39,771</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company's unused tax losses expire as follows:

	Non-capital losses
	\$
2041	46,766
2042	89,732
	<u>136,498</u>