
Icarus Capital Corp.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of Icarus Capital Corp.

Opinion

We have audited the consolidated financial statements of Icarus Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2022 and for the period from incorporation on February 2, 2021 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and for the period from incorporation on February 2, 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 Consolidated 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 consolidated 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated 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 the information included in Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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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 Carly Bergman.

Vancouver, B.C.
April 18, 2023

"D&H Group LLP"
Chartered Professional Accountants

Icarus Capital Corp.

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Icarus Capital Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	\$49,070	\$34,487
Deferred financing costs (Note 7)	-	58,536
Total assets	49,070	93,023
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	32,133	1,500
SHAREHOLDERS' EQUITY		
Share based payment reserve	58,450	
Share capital (Note 7)	123,805	100,000
Deficit	(165,318)	(8,477)
Total equity	16,937	91,523
Total liabilities and equity	49,070	93,023

Approved on behalf of the Board of Directors on April 18, 2023:

/s/ "Garry Yuill"
Garry Yuill, Director

/s/ "Kenneth Wall"
Kenneth Wall, Director

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

Icarus Capital Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the year ended December 31, 2022	For the period from February 2, 2021 (date of incorporation) to December 31, 2021
EXPENSES		
Agency fees	\$5,882	-
Banking charges	2,073	\$152
Dues and subscriptions	777	-
Filing fees	10,500	-
Professional services	97,845	8,325
Share based compensation (Note 8)	38,970	-
Net loss and comprehensive loss	156,841	8,477
Loss per share – basic and diluted	0.08	0.00
Weighted average number of common shares outstanding	2,000,000	2,000,000

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

Icarus Capital Corp.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Common shares		Share-based payments reserve	Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
<hr/>					
Balance, February 2, 2021 (date of incorporation)					
Issued upon incorporation	1	1			1
Shares issued for cash	2,000,000	100,000			100,000
Shares redeemed by Company and cancelled	(1)	(1)			(1)
Net loss for the period	-	-		(8,477)	(8,477)
<hr/>					
Balance, December 31, 2021	2,000,000	100,000		(8,477)	91,523
<hr/>					
Shares issued for cash	2,000,000	200,000			200,000
Share issuance costs		(156,715)			(156,715)
Issuance of broker warrants (note 7)		(19,480)	19,480		-
Stock based compensation (note 7)			38,970		38,970
Net and comprehensive loss				(156,841)	(156,841)
<hr/>					
Balance, December 31, 2022	4,000,000	123,805	58,450	(165,318)	16,937

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

Icarus Capital Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the year ended December 31, 2022	For the period from Feb. 2, 2021 (date of incorporation) to December 31, 2021
Cash provided by (used in)		
Operating activities		
Net loss	\$(156,841)	\$(8,477)
Share based compensation	38,970	-
Changes in non-cash working capital items:		
Deferred financing costs	58,536	(58,536)
Accounts payable and accrued liabilities	30,633	1,500
	(28,702)	(65,513)
Financing activities		
Issuance of common shares	200,000	100,000
Share issuance costs	(156,715)	
	43,285	100,000
Increase in cash	14,583	34,487
Cash, beginning of period	34,487	-
Cash, end of year	49,070	34,487

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

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

1. Nature of operations

Icarus Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 2, 2021. The Company is a capital pool company (“CPC”), on the TSX Venture Exchange (the “Exchange”). On March 14, 2022, the Company completed its Initial Public Offering (the “Offering”) of 2,000,000 common shares at \$0.10 per share for gross cash proceeds of \$200,000. The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The Company began trading its shares on the TSX-V under the trading symbol “ICRS.P”.

In addition, incentive stock options to purchase up to 400,000 common shares were granted at the closing of the offering to directors and officers of the Company, exercisable at \$ 0.10 per share for 10 years from the date of grant.

As at December 31, 2022, the Company had no business operations. As a CPC, the Company’s business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

The head office of the Company is located at 2352 Marine Drive, West Vancouver, BC, V7V 1K8.

See Note 9.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These financial statements are prepared on a going concern basis.

The preparation of financial statements requires the use of estimates and the exercise of judgment in applying the Company’s accounting policies.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies - continued

Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated on consolidation. They are de-consolidated from the date that control by the Company ceases. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

As of December 31, 2022 the subsidiaries of the Company are 100% owned Icarus Media Inc.

Financial Instruments

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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 FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies - continued

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise. On recognition, communicative gains and losses of financial assets in other comprehensive income or loss are reclassified to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Income Taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies - continued

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and develop a commercially viable drone delivery system. These equity financing transactions may involve issuance voting shares or units. Units typically comprise a certain number of voting shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional voting shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying voting shares and share purchase warrants issued as private placement units. The fair value of the share purchase warrants issued in private placements is determined by an option pricing model, calculated on the announcement date. The balance, if any, is allocated to the attached voting shares.

Share Capital

Voting shares issued by the Company are classified as equity. Costs directly attributable to the issuance of voting shares are recognized as a deduction from equity. Cash received for voting shares yet to be issued is recorded as share subscriptions received when a legal obligation to issue the shares exists.

Share-Based Payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the share award reserve. The fair value of awards is calculated using an option pricing model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price of the underlying shares
- Expected forfeitures

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

2. Summary of significant accounting policies - continued

Loss Per Share

Basic and diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. Financial instruments

Cash is measured at fair value through profit and loss. Accounts payable and accrued liabilities is measured at amortized cost.

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

Pursuant to IFRS 7, the fair value of cash is measured on a recurring basis based on Level 1 inputs.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

3. Financial instruments - continued

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations to the Company. The Company's credit risk is primarily attributable to cash, which is held on deposit with a major Canadian bank.

4. Capital risk management

The Company manages, as capital, the components of shareholders' equity and its cash. The Company's objectives, when managing capital, are to safeguard its ability to complete a qualifying transaction as discussed in Note 1.

The Company intends to manage its capital structure, and make adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares or borrow. The Company does not anticipate the payment of dividends in the foreseeable future.

5. Cash restriction

Under Exchange Policy 7.1, proceeds raised from the sale of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than \$ 3,000 per month may be used to fund reasonable general and administrative expenses not related to the identification and evaluation of a Qualifying Transaction.

6. Related party disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer ("CEO") and chief financial officer ("CFO") of the Company. During the periods ended December 31, 2022 and 2021, there was no compensation amounts paid to the Company's related parties.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

7. Shareholders' equity

The Company is authorized to issue an unlimited number of common shares without par value.

Initial public offering

On March 14, 2022, the Company closed the IPO of 2,000,000 of its common shares at a price of \$0.10 per share for \$200,000 in gross proceeds. The Company paid a commission of 10% of gross proceeds to the Agent and granted the Agent stock options to acquire 10% of the common shares issued in the offering exercisable for a period ending 60 months from the date the Company's common shares are listed on the TSX Venture Exchange exercisable at \$0.10 per share. The Company also paid a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash share issuance costs of \$156,715 were incurred for legal, agency and TSX-V, of which \$58,536 were incurred or accrued for and deferred as at December 31, 2021.

Pursuant to an escrow agreement, the 2,000,000 issued common shares will be held in escrow to be released over a thirty-six month period commencing upon completion of a Qualifying Transaction. The escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the securities regulatory authorities.

Stock option plan

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan which is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

On March 14, 2022 the Company granted 400,000 options to directors and officers, which are exercisable within ten years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.40%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$38,970.

Icarus Capital Corp.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(Expressed in Canadian Dollars)

7. Shareholders' equity - continued

The weighted average grant date fair value of all share options granted during the year ended December 31, 2022 was \$0.10 per share option. A summary of the Company's share options at December 31, 2022 and the changes for the year ended on those dates, is as follows:

	Number of stock options	Weighted average exercise price
		\$
Stock options granted to Directors and Officers	400,000	0.10
Balance December 31, 2022	400,000	0.10

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding
March 11, 2032	\$0.10	9.25	400,000
Balance December 31, 2022	\$0.10	9.25	400,000

On March 14, 2022, the Company issued 200,000 warrants to the Agent, which are exercisable within 60 months from the date of grant at an exercise price of \$0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.40%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$19,480.

	Number of stock options	Weighted average exercise price
		\$
Warrants granted to Agent	200,000	0.10
Balance December 31, 2022	200,000	0.10

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options and warrants outstanding
March 13, 2027	\$0.10	4.25	200,000
Balance December 31, 2022	\$0.10	4.25	200,000

Icarus Capital Corp.

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

8. Income taxes

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% to income before income taxes. The reasons for the difference are as follows:

	For the year ended December 31, 2022	For the period from Feb. 2, 2021 (date of incorporation) to December 31, 2021
Loss for the period before income taxes	\$ (156,841)	\$ (8,477)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(42,347)	(2,289)
Unrecognized benefit of deferred tax assets	42,347	2,289
Income tax expense	\$ -	\$ -

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilized. The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following unrecognized asset amounts:

Non-capital losses	1,744
Valuation allowance	(1,744)
Unrecognized deductible temporary differences	\$ -

Icarus Capital Corp.

Notes to Consolidated Financial Statements

(Expressed in Canadian Dollars)

9. Potential qualifying transaction

On September 6, 2022, the Company entered into a non-binding letter of intent (the “LOI”) with 1401935 Alberta Ltd. (“1401935”), doing business as “Yuk Yuk’s Comedy Club”, outlining the general terms and conditions of a proposed business combination that would constitute the Company’s Qualifying Transaction.

Pursuant to the terms of the transaction, it is expected to be a purchase of 100% of the shares of 1401935 for total consideration (the “Consideration”) of roughly CAD \$324,750. The Consideration will be paid with a \$200,000 bank loan, \$100,000 in vendor financing and the issuance of 225,000 shares of the Company.

The Company will concurrently issue 150,000 common shares to enter into a franchise agreement and obtain a Yuk Yuk’s license.

As part of the qualifying transaction the Company is completing a convertible debenture financing between \$125,000 and \$200,000 as well as a distribution financing between \$75,000 and \$100,000. In addition, the CEO will also be purchasing common shares of the Company for proceeds of \$30,000.