
HYDAWAY VENTURES CORP.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Hydaway Ventures Corp.

Opinion

We have audited the financial statements of Hydaway Ventures Corp. (the "Company") which comprise the statements of financial position as at February 28, 2023 and 2022, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 for the year ended February 28, 2023. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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.

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. 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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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 auditors' 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 auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

June 9, 2023

HYDAWAY VENTURES CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

	February 28, 2023	February 28, 2022
ASSETS		
CURRENT		
Cash	\$ 198,731	\$ 78,744
Amounts receivable	4,724	625
Prepaid expenses	7,139	-
TOTAL ASSETS	\$ 210,594	\$ 79,369
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,801	\$ 9,801
EQUITY		
SHARE CAPITAL (Note 4)	267,525	100,000
RESERVES (Note 4)	34,294	-
DEFICIT	(101,026)	(30,432)
TOTAL EQUITY	200,793	69,568
TOTAL LIABILITIES AND EQUITY	\$ 210,594	\$ 79,639

NATURE OF BUSINESS AND GOING CONCERN (Note 1)

Approved on behalf of the Board:

"Michael Leo"
Director

"Gregory Bronson"
Director

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

HYDAWAY VENTURES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

	2023	2022
EXPENSES		
Bank fee	\$ 285	\$ 363
Audit fee	10,001	5,000
Filing fees	5,916	-
Management fee	-	675
Office expenses	5,314	998
Professional expense	26,719	15,800
Share-based compensation (<i>Note 4</i>)	20,849	-
Transfer agent	1,510	-
NET LOSS FOR THE YEAR	\$ (70,594)	\$ (22,836)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.04)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
OUTSTANDING – BASIC AND DILUTED	1,908,219	2,000,001

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

HYDAWAY VENTURES CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

	2023	2022
OPERATING ACTIVITIES		
Net loss for the year	\$ (70,594)	\$ (22,836)
Items not involving cash:		
Share-based compensation	20,849	-
Changes in operating assets and liabilities:		
Amounts receivable	(4,099)	(250)
Prepaid expenses	(7,139)	-
Accounts payable and accrued liabilities	-	1,926
Cash used in operating activities	(60,983)	(21,160)
INVESTING ACTIVITIES		
	-	-
FINANCING ACTIVITIES		
Issuance of common shares, net of share issuance costs	180,970	-
Cash provided by financing activities	180,970	-
CHANGE IN CASH	119,987	(21,160)
CASH, BEGINNING OF YEAR	78,744	99,904
CASH, END OF YEAR	\$ 198,731	\$ 78,744

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

HYDAWAY VENTURES CORP.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

	Common shares		Reserves	Deficit	Total equity
	Number of shares	Amount			
Balance at February 28, 2021	2,000,001	\$ 100,000	\$ -	\$ (7,596)	\$ 92,404
Net loss for the year	-	-	-	(22,836)	(22,836)
Balance at February 28, 2022	2,000,001	100,000	-	(30,432)	69,568
Initial public offering share issuance	2,500,000	250,000	-	-	250,000
Share issuance costs – cash	-	(69,030)	-	-	(69,030)
Share issuance costs – warrants	-	(13,445)	13,445	-	-
Share-based compensation	-	-	20,849	-	20,849
Net loss for the year	-	-	-	(70,594)	(70,594)
Balance at February 28, 2023	4,500,001	\$ 267,525	\$ 34,294	\$ (101,026)	\$ 200,793

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

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Hydaway Ventures Corp. (“the Company”) was incorporated on January 29, 2021 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 208A - 980 West 1st Street, North Vancouver, British Columbia, Canada.

The Company currently has no operating business and is a Capital Pool Company as defined in the TSX Venture Exchange (“TSX.V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”) under Policy 2.4.

On August 23, 2022, the Company successfully completed its initial public offering (the “IPO”) and issued 2,500,000 shares of the Company at a price of \$0.10 per share for gross proceeds of \$250,000. The Company’s common shares were listed on the TSX.V effective August 23, 2022, with its common shares commencing trading on the TSX.V on August 25, 2022 under the trading symbol “HIDE.P”.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at February 28, 2023, the Company has not generated any revenues or cash flows from operations and has an accumulated deficit of \$101,026. The Company’s ability to continue as a going concern is dependent upon raising additional capital to complete the acquisition of an asset or business and the achievement of profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments that may be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Approval of the Financial Statements

The financial statements of the Company as at February 28, 2023 were authorized for issuance by the Board of Directors on June 9, 2023.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

The functional and presentation currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As at February 28, 2023 and 2022, the Company held no cash equivalents.

b) Significant Accounting Estimates and Judgements

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant Accounting Estimates and Judgements (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. the measurement of deferred income tax assets and liabilities
- ii. the determination of fair value for share-based payments related to incentive stock options and compensation warrants granted, modified or settled

Significant accounting judgments

- i. the evaluation of the Company's ability to continue as a going concern

c) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the quoted market price and the balance, if any, is allocated to the attached warrants.

d) Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Share-based payments expense relating to restricted stock units is accrued over the vesting period of the units based on the quoted market price.

HYDAWAY VENTURES CORP.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Share-Based Payments (continued)

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or 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.

e) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Basic and diluted loss per share excludes all of the Company's common shares from the weighted average shares calculation that are contingently returnable.

g) Financial Instruments

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); and
- iii. Fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification:

i. Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of operations and comprehensive loss in the period in which it arises. The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. 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 group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Adoption of New Accounting Standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow Shares

As at February 28, 2023, 2,000,001 common shares were held in escrow (2022 – nil) to be released pro-rata to the shareholders as to 25% on the closing date of the QT with the remaining escrow shares being released in three equal tranches of 25% every six months for a period of 18 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

c) Outstanding as at February 28, 2023: 4,500,001 common shares (2022 – 2,000,001).

On August 23, 2022, the Company completed its IPO and issued 2,500,000 shares of the Company at a price of \$0.10 per share for gross proceeds of \$250,000. Pursuant to the agency agreement dated June 22, 2022, Leede Jones Gable Inc. acted as agent (the “Agent”) for the IPO. The Company paid to the Agent a cash commission of \$25,000 and granted the Agent non-transferable warrants entitling the Agent to purchase a total of 250,000 common shares at a price of \$0.10 per common share until August 23, 2024. In connection with the IPO, the Agent also received a corporate finance fee of \$15,750 including applicable taxes.

The fair value of the Agent’s warrants issued was determined to be \$13,445 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk-free interest rate of 3.65%, expected life of 2 years and expected volatility of 100%.

Legal and listing fees of \$28,280 were paid in connection with the IPO.

d) Stock Options

On May 3, 2022, the Company adopted a stock option plan (the “Stock Option Plan”), which provides that, subject to the requirements of the TSX.V, the aggregate number of securities reserved for issuance will be 10% of the number of the Company’s common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 2% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

During the year ended February 28, 2023, the Company granted 275,000 options to officers and directors of the Company. The stock options have an exercise price of \$0.10 per share and expire on August 23, 2027. The options vested immediately upon grant. The weighted average fair value of the options granted during the year ended February 28, 2023 was \$0.08. The fair value of these options on the date of grant was determined using the Black-Scholes option pricing model and the following assumptions: dividend yield of \$nil, risk free interest rate of 3.40%, expected life of 5 years and expected volatility of 100%.

The expected volatility assumption was based on the estimated volatility of comparable companies trading on the TSX.V.

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

4. SHARE CAPITAL

d) Stock Options (continued)

During the year ended February 28, 2023, the Company recorded share-based compensation expense of \$20,849 (2022 - \$nil). The changes in the stock options for the years ended February 28, 2022 and 2023 are as follows:

	Number of options	Weighted average exercise price (per share)
Balance, February 28, 2021 and 2022	-	-
Granted	275,000	\$0.10
Balance and exercisable, February 28, 2023	275,000	\$0.10

The balance of options outstanding as at February 28, 2023 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
August 23, 2027	\$0.10	4.48	275,000	-	275,000

e) Agent's Warrants

On August 23, 2022, the Company issued 250,000 Agent's warrants in connection with the IPO offering. The Agent's warrants have an exercise price of \$0.10 per share and expire on August 23, 2024.

The changes in the Agent's warrants for the years ended February 28, 2022 and 2023 are as follows:

	Number of Agent's warrants	Weighted average exercise price (per share)
Balance, February 28, 2021 and 2022	-	-
Issued	250,000	\$0.10
Balance, February 28, 2023	250,000	\$0.10

The balance of Agent's warrants outstanding as at February 28, 2023 was as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding
August 23, 2024	\$0.10	1.48	250,000

5. RELATED PARTY BALANCES AND TRANSACTIONS

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 includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the year ended February 28, 2023, key management compensation consisted of share-based payments of \$20,849 (2022 - \$nil) to directors and officers.

HYDAWAY VENTURES CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022
(Expressed in Canadian dollars)

6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, evaluation and acquisition of a Qualifying Transaction. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of all components of equity. The Company 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 Company may issue common shares or debt instruments.

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 the Company cannot spend more than the \$3,000 per month on allowable general and administrative (G&A) expenses until the completion of a Qualifying Transaction for purposes other than to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction if necessary. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the short term to maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2023 were as follows:

	Carrying amount	Fair value measurement using		
		Level 1	Level 2	Level 3
Cash	\$ 198,731	\$ 198,731	\$ -	\$ -

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2022 were as follows:

	Carrying amount	Fair value measurement using		
		Level 1	Level 2	Level 3
Cash	\$ 78,744	\$ 78,744	\$ -	\$ -

Financial Risk Management Objectives and Policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency Risk

The Company's assets, liabilities and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

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7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution. As at February 28, 2023, the Company's maximum credit risk is \$198,731.

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Liquidity Risk

In the management of liquidity risk, the Company intends to maintain an adequate amount of working capital to continue its operation and achieve its business objectives. Management closely monitors the Company's liquidity position and intends to complete future equity financings. As at February 28, 2023, the Company has contractual obligations of \$9,801 due within the next twelve months.

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
	\$	\$
Income (loss) before income taxes	(70,594)	(22,836)
Combined statutory tax rate	27%	27%
Expected income tax (recovery) at combined statutory rate	(19,060)	(6,166)
Non-deductible expenses and other items	5,629	-
Financing costs	(18,637)	-
Change in unrecognized deferred tax assets	32,068	6,166
Income tax expense	-	-

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

	2023	2022
	\$	\$
Non-capital losses carried forward	25,375	8,217
Share issuance costs	14,910	-
Deferred income tax assets not recognized	(40,285)	(8,217)
Net deferred income tax assets	-	-

As at February 28, 2023, the Company had approximately \$93,983 in non-capital loss carry forwards available to reduce taxable income for future years, which begin expiring in 2041.