

Cranstown Capital Corp.

(A Capital Pool Company)

Financial Statements

For the year ended March 31, 2022 and for the period from incorporation on February 2, 2021 to March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cranstown Capital Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cranstown Capital Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of comprehensive loss, changes in equity and cash flows for the year ended March 31, 2022 and the period from incorporation on February 2, 2021 to March 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 Company as at March 31, 2022 and 2021 and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

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, 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, 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada

July 28, 2022

CRANSTOWN CAPITAL CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2022	As at March 31, 2021
Assets		
Current Assets		
Cash	\$ 463,401	\$ 212,448
Total Assets	\$ 463,401	\$ 212,448
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 478	\$ 3,866
Total Liabilities	478	3,866
Share capital (Note 4)	546,461	212,500
Contributed Surplus	82,081	-
Deficit	(165,619)	(3,918)
Total Shareholders' Equity	462,923	208,582
Total Liabilities and Shareholders' Equity	\$ 463,401	\$ 212,448

Nature of Operations (Note 1)

Approved by the Board of Directors

Director (signed by) "Dimitry Serov"

Director (signed by) "Mark Goodman"

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.
 Statements of Comprehensive Loss
 (Expressed in Canadian Dollars)

	For the Year Ended March 31, 2022	For the Period from Incorporation on February 2, 2021 to March 31, 2021
Expenses		
Interest and bank charges	\$ 353	\$ 52
Filing fees	28,411	-
Legal and professional	63,361	3,866
Office expenses	577	-
Stationery and printing	1,208	-
Share based compensation (Notes 4, 5)	67,791	-
Net loss and comprehensive loss for the period	\$ (161,701)	\$ (3,918)
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)
Weighted average number of common shares outstanding	7,277,299	1,938,597

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.
 Statements of Changes in Equity
 (Expressed in Canadian Dollars)

	Share Capital				Total Shareholders' Equity
	Number of Shares	Amount	Contributed Surplus	Deficit	
Balance at incorporation on February 2, 2021	-	\$ -	\$ -	\$ -	-
Shares issued for cash (Note 4)	4,250,000	212,500	-	-	212,500
Comprehensive loss for the period	-	-	-	(3,918)	(3,918)
Balance at March 31, 2021	4,250,000	\$ 212,500	\$ -	(3,918)	\$ 208,582
Balance at March 31, 2021	4,250,000	\$ 212,500	\$ -	(3,918)	\$ 208,582
Shares issued for cash (Note 4)	4,154,000	415,400	-	-	415,400
Share issuance costs (Note 4)	-	(81,439)	14,290	-	(67,149)
Share based compensation (Notes 4, 5)	-	-	67,791	-	67,791
Comprehensive loss for the year	-	-	-	(161,701)	(161,701)
Balance at March 31, 2022	8,404,000	\$ 546,461	\$ 82,081	\$ (165,619)	\$ 462,923

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.
 Statements of Cash Flows
 (Expressed in Canadian Dollars)

	For the Year ended March 31, 2022	For the Period from Incorporation on February 2, 2021 to March 31, 2021
Operating Activities		
Loss for the period	\$ (161,701)	\$ (3,918)
Item not involving cash:		
Share based compensation	67,791	-
Change in non-cash working capital item:		
Accounts payable and accrued liabilities	(3,388)	3,866
Net cash used in operating activities	(97,298)	(52)
Financing Activities		
Proceeds from issuance of share capital (Note 4)	415,400	212,500
Share issuance costs	(67,149)	-
Net cash provided by financing activities	348,251	212,500
Change in cash during the period	250,953	212,448
Cash, beginning of the period	212,448	-
Cash, end of the period	\$ 463,401	\$ 212,448

The accompanying notes form an integral part of these financial statements

1. Nature of operations

Cranstown Capital Corp. (“Company”) was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2021 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the “Exchange”).

The Company was formed for the primary purpose of completing an initial public offering (“IPO”) on the TSX Venture Exchange (the “Exchange”) as a Capital Pool Company (“CPC”) in accordance with Policy 2.4 *Capital Pool Companies* (the “CPC Policy”). As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with the CPC Policy of the Exchange (the “Qualifying Transaction”). Until Completion of the Qualifying Transaction (as such term is defined in the CPC Policy), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On July 8, 2021, the Company completed its IPO. See Note 4 (b).

The Company’s registered office is at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

The Company has no source of operating revenue, has incurred net loss since inception and as at March 31, 2022 has a deficit of \$165,619. Its continued existence will be dependent on the receipt of financing on terms which are acceptable to the Company.

2. 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 (“IASB”).

These financial statements were authorized for issue by the directors of the Company on July 28, 2022.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

3. Significant accounting policies (cont'd)

a) Management estimates and judgments (cont'd)

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is as follows:

Judgment

Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the 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.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at 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 in finance income using the effective interest rate method.

3. Significant accounting policies (cont'd)

c) Financial instruments (cont'd)

- Fair value through OCI ("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.
- Fair value through profit or loss: 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 comprehensive loss in the period which it arises.

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 credit risk of 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. The Company recognizes in the statement of comprehensive loss, 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.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and subsequently measured at amortized cost.

A financial liability is classified as 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 fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in 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 designate 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 rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

3. Significant accounting policies (cont'd)

d) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

f) Share based compensation

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as share based compensation expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to contributed surplus and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in contributed surplus are recorded as share capital.

g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (cont'd)

g) Income taxes (cont'd)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

h) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

4. Share capital

a) Authorized share capital

The Company's articles authorize an unlimited number of common shares without par value.

b) Initial Public Offering as a Capital Pool Company

On July 8, 2021, the Company completed its IPO and listing on the Exchange through the issuance of 4,154,000 common shares at a price of \$0.10 per share for gross proceeds of \$415,400. In connection with the IPO, the Company paid cash share issue costs of \$67,149 and granted 332,320 Agent's warrants. The Agent's warrants are exercisable for a period of 24 months from closing at an exercise price of \$0.10 per common share. The Agent's warrants were ascribed a fair value of \$14,290 using the Black Scholes option pricing model.

Pursuant to the terms of the Letter of Intent with Hampton Securities Ltd. (the "Agent"), the Company also paid a work fee of \$20,000, plus the Agent's legal fees incurred pursuant to the IPO.

c) Escrowed shares

All 4,250,000 common shares of the Company issued and outstanding prior to the completion of the IPO are subject to a CPC Escrow Agreement (Form 2F), and will be released from escrow in stages over a period of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin (as such term is defined in the CPC Policy).

CRANSTOWN CAPITAL CORP.

Notes to the Financial Statements

For the year ended March 31, 2022 and the period from incorporation on February 2, 2021 to March 31, 2021

4. Share capital (cont'd)

d) Stock options

The Company granted 840,400 share purchase options to certain officers and directors on July 8, 2021, the date upon which the Company became listed on the Exchange as a Capital Pool Company. These options are exercisable at a price of \$0.10 per common share for a period of ten years from the date of grant and vest immediately.

The fair value of these options was valued at \$67,791, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.26%, an expected life of ten years, an expected volatility of 80%, forfeiture rate of 0% and no expected dividends.

The Company's stock options are summarized as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2021	-	\$ -
Granted	840,400	0.10
Balance, March 31, 2022	840,400	\$ 0.10

The weighted-average remaining life of the stock options outstanding at March 31, 2022 was 9.27 years.

e) Share purchase warrants

On July 8, 2021, in connection with the completion of the IPO, the Company granted to its Agent 332,320 non-transferrable warrants to acquire up to 332,320 common shares at a price of \$0.10 per share for a period of 24 months, all of which vest immediately.

The fair value of these warrants was valued at \$14,290, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.48%, an expected life of two years, an expected volatility of 80%, forfeiture rate of 0% and no expected dividends.

The Company's share purchase warrants are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2021	-	\$ -
Granted	332,320	0.10
Balance, March 31, 2022	332,320	\$ 0.10

Share purchase warrants outstanding as at March 31, 2022 are as follows:

Warrants outstanding	Exercise Price	Expiry Date
July 8, 2021	\$ 0.10	July 7, 2023

The weighted-average remaining life of the warrants outstanding at March 31, 2022 was 1.27 years.

5. Related party transactions

During the year ended March 31, 2022, the Company incurred \$67,791 in share based compensation related to stock options issued to officers and directors of the Company (see Note 4).

During the period ended March 31, 2021, the Company issued 2,000,000 common shares at a price of \$0.05 per share to officers and directors of the Company for gross proceeds of \$100,000.

There were no amounts owing to related parties as at March 31, 2022 and 2021.

6. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

6. Financial instruments and risk management (cont'd)

Market risk (cont'd)

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities and therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at March 31, 2022, all of the Company's financial liabilities are due within one year.

As at March 31, 2022, the Company's working capital was \$462,923 and it does not have any long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit.

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy, the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction.

CRANSTOWN CAPITAL CORP.

Notes to the Financial Statements

For the year ended March 31, 2022 and the period from incorporation on February 2, 2021 to March 31, 2021

7. Income taxes

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	March 31, 2022	For the period from Incorporation on February 2, 2021 to March 31, 2021
	\$	\$
Loss before income taxes	(161,701)	(3,918)
Total expected income tax recovery at statutory rates	(43,659)	(1,058)
Net adjustment for deductible and non-deductible amounts	173	-
Change in unrecognized deferred tax asset	43,486	1,058
Actual income tax recovery	-	-

The significant components of the Company's deferred income tax assets are as follows:

	March 31, 2022	For the Period from Incorporation on February 2, 2021 to March 31, 2021
	\$	\$
Deferred income tax assets:		
Non-capital loss carry-forwards	30,040	1,058
Share issuance costs	14,504	-
	44,544	1,058
Valuation allowance	(44,544)	(1,058)
Net deferred tax assets	-	-

At March 31, 2022, the Company has approximately \$111,200 of non-capital loss carry-forwards which may be available to reduce taxable income in future years. These losses expire as follows:

	Non-capital Losses
	\$
2041	3,900
2042	107,300
	111,200

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.