

1344340 B.C. LTD.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (JANUARY 24, 2022) TO

DECEMBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 1344340 B.C. Ltd.

Opinion

We have audited the financial statements of 1344340 B.C. Ltd. (the “Company”), which comprise the statements of financial position as at December 31, 2022, and the statements of loss and comprehensive loss, changes in shareholders equity (deficiency) and cash flows for the period from incorporation (January 24, 2022) to December 31, 2022, 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 December 31, 2022, and its financial performance and its cash flows for the period from incorporation (January 24, 2022) to December 31, 2022 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 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain 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.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

We obtained 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 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 George G. Lovrics.

Toronto, Ontario
May 1, 2023



Chartered Professional Accountants
Licensed Public Accountants

1344340 B.C. Ltd.
Statement of Financial Position
(Expressed in Canadian Dollars)

As at	Notes	December 31, 2022
		\$
ASSETS		
Current		
Cash		-
TOTAL ASSETS		
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities		8,464
Loans payable	4	7,980
TOTAL LIABILITIES		
SHAREHOLDER'S EQUITY		
Share capital	5	5,000
Deficit		(21,444)
Total shareholder's equity		
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		

Nature of operations and going concern (Note 1)

Approved on behalf of the Board on May 1, 2023:

"Kirill Kompaniyets"
Kirill Kompaniyets – Interim CEO /CFO / Director

"Jeff Carlson"
Jeff Carlson - Director

1344340 B.C. Ltd.Statement of Net Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the period ended	Notes	For the period from incorporation (January 24, 2022) to December 31, 2022
		\$
EXPENSES		
Professional fees		9,000
Legal expenses		12,444
Total Expenses		21,444
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (21,444)

Weighted average number of shares outstanding

Basic and diluted (Note 6)

Basic and diluted loss per share

18,709,702

\$ (0.00)

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

1344340 B.C. Ltd.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	For the period from incorporation (January 24, 2022) to December 31, 2022
	\$
CASH FLOWS USED IN OPERATING ACTIVITIES	
Net loss for the period	(21,444)
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	8,464
Loans payable	7,980
Cash flows used in operating activities	(5,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from share issuances	5,000
Cash flows from financing activities	5,000
Change in cash	-
Cash, beginning of period	-
Cash, end of period	-

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

1344340 B.C. Ltd.

Statement of Changes in Shareholders' Equity

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

	Shares	Shares Amount	Accumulated	Total
	#	(\$)	Deficit	
			(\$)	(\$)
Balance, January 24, 2022	-	-	-	-
Common Shares Issued during the period (Note 5)	58,000,000	5,000	-	5,000
Net Loss for the period	-	-	(21,444)	(21,444)
Balance, December 31, 2022	58,000,000	5,000	(21,444)	(16,444)

The accompanying notes are an integral part of these financial statements

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

1344340 B.C. Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) (the "BCBCA") on January 24, 2022. The head office and records and registered office is located at 1000-595 Burrard Street, Vancouver, BC V7X 1S8.

The Company is investigating and evaluating business opportunities to either acquire or in which to participate.

On March 25, 2022, 1319741 B.C. Ltd. ("741") announced that it entered into an arrangement agreement (the "**Arrangement Agreement**") on February 24, 2022 with its wholly-owned subsidiaries, 1344340 B.C. Ltd. (the "**Company**"), 1344341 B.C. Ltd., 1344342 B.C. Ltd., 1344343 B.C. Ltd., 1344344 B.C. Ltd., 1344345 B.C. Ltd., and 1344346 B.C. Ltd. (collectively, the "**741 Subs**") pursuant to which the parties intended to complete a court approved statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**Plan of Arrangement**"). In lieu of a special meeting approving the Plan of Arrangement, the shareholders of 741 (the "**Shareholders**"), after having been provided with an information statement, approved the Plan of Arrangement by way of unanimous resolution on February 24, 2022. Additionally, 741 announced that it received the interim order from the Supreme Court of British Columbia (the "**Court**") for the Plan of Arrangement on March 8, 2022 and received a final order (the "**Final Order**") from the Court approving the Plan of Arrangement on March 22, 2022.

On March 28, 2022, 741 announced that it completed its previously announced Plan of Arrangement. Shareholders of 741 now hold common shares in the 741 Subs. Each of the Subs is now an unlisted reporting issuer in the provinces of British Columbia and Alberta. Shareholders of 741 continue to hold their interest in 741.

Pursuant to the terms of the Plan of Arrangement effective on March 28, 2022: i) 741 altered its share capital to create the additional classes of common shares (the "**New Common Shares**") and Reorganization Shares (as defined below); (ii) each of the issued and outstanding common shares of 741 was exchanged for one New Common Share, one Class 1 Reorganization Share, one Class 2 Reorganization Share, one Class 3 Reorganization Share, one Class 4 Reorganization Share, one Class 5 Reorganization Share, one Class 6 Reorganization Share and one Class 7 Reorganization Share of 741 (collectively referred to as the "**Reorganization Shares**"), and all of the common shares of 741 outstanding prior to the Plan of Arrangement were cancelled; (iii) one class of the Reorganization Shares were transferred to each 741 Subs in exchange for common shares of each 741 Subs on a 1:1 basis and 741 redeemed all Reorganization Shares through the transfer to each 741 Subs \$5,000 of working capital; and iv) 741 altered its share capital so that only the New Common Shares remain, were redesignated as "common shares" and deemed to be represented by the same certificate as the previously issued and outstanding common shares of 741.

On March 31, 2022, Shimcity Inc. ("**Shimcity**") and 2657456 Ontario Inc. ("**265**") (collectively, the "**Acquirors**") announced that they acquired, directly and indirectly, 29,000,000 common shares in the capital of the Company ("**Common Shares**") and 29,000,000 Common Shares, respectively, pursuant to the Plan of Arrangement. The Plan of Arrangement has resulted in the shareholders of 741 holding shares in 741 Subs, including the Company.

On September 22, 2022, the Company announced that the board has approved a 1,611,111.11:1 share split of the Company's issued and outstanding common shares.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. At December 31, 2022, the Company had no sources of revenue and an accumulated deficit of \$21,444. At December 31, 2022, the Company had cash of \$nil and working capital deficit of \$16,444. These conditions raise material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company's ability to continue as a going concern and the recoverability of past expenditures mainly in day-to-day operations are dependent upon the ability of the Company to obtain necessary financing and/or loans to successfully complete its future objectives. Management pursues relationships and alliances with diverse entities in order to attract additional sources of funds or other transactions that would assure the continuance of the Company's operations.

Should the Company be unable to realize its assets or discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the financial statements. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Continuing business as a going concern is dependent upon the ability of the Company to obtain additional debt or equity financing, both of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include international accounting standards and interpretations ("IFRIC") as issued by the International Accounting Standards Board ("IASB").

These financial statements are presented in Canadian dollars, which is the Company's functional currency. The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

These financial statements for the period from incorporation (January 24, 2022) to December 31, 2022 was authorized by the Board of Directors for issuance on May 1, 2023.

(b) Basis of measurement

These financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies described herein.

(c) Adoption of new and revised standards and interpretations

New standards not yet adopted and interpretations issued but not yet effective

At the date of authorization of these Financial Statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised Standards and Interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the financial statements. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

a. Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

b. Shares issued for non- cash consideration

The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation technique and other factors.

Significant Estimates

a. Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

(b) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax

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. Temporary differences are not provided for the initial recognition of assets and liabilities that affect neither accounting nor taxable loss to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

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. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

The Company classifies its financial assets in one of the following categories: (1) at fair value through profit or loss ("FVTPL"), (2) at amortized cost or (3) at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired, the business model in which they are managed and their cash flow characteristics. Management determines the classification of its financial assets at initial recognition.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of profit or loss. 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 the statements of profit or loss in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

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. The Company recognizes in the statements of profit or 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.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1 – Applies 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.

The carrying value of trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

(d) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

4. RELATED PARTY 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.

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Following the Plan of Arrangement, Shimcity owns and controls 29,000,000 Common Shares of the Company, which represents 50% of the Common Shares outstanding following completion of the Plan Arrangement and 265 owns 29,000,000 Common Shares of the Company, which represents 50% of the Common Shares outstanding following completion of the Plan of Arrangement. Prior to the Arrangement, the Acquirors owned no shares of the Company.

Loans payable includes an amount of \$3,990 owed to Shimcity and 265 each. These loans bear no interest, are due on demand and have no stated terms of repayment. There were no other related party transactions from the period from incorporation (January 24, 2022) to December 31, 2022.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common and preferred shares without par value.

(b) Issued and outstanding

As at December 31, 2022, the Company had the following common shares issued and outstanding.

	Number of Shares	Amount
Shares issued – February 24, 2022 ¹	36	5,000
Share spilt – September 22, 2022 ²	(36)	-
Share spilt – September 22, 2022 ²	58,000,000	-
Balance, December 31, 2022	58,000,000	5,000

¹Effective February 24, 2022, the Plan of Arrangement was completed. Pursuant to the Plan of Arrangement, shareholders of 741 as of the close of business on the record date of February 24, 2022 received one common share of each 741 Subco for every common share in the capital of 741 that they held as of February 24, 2022.

As a result of the Plan of Arrangement, two shareholders have ownership and control of 58,000,000 common shares of the Company, representing 100% of the issued and outstanding common shares.

²On September 22, 2022, the Company announced that the board of directors of the Company approved a 1,611,111.11:1 share split (the “Share Split”) of the Company’s issued and outstanding common shares (“Common Shares”). Upon completion of the Share Split, there are 58,000,000 Common Shares issued and outstanding. The Share Split will not change the proportionate interest that a shareholder maintains in the Company. This split has been applied retrospectively.

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the period from incorporation (January 24, 2022) to December 31, 2022 was based on the loss attributable to common shareholders of \$21,444 and the weighted average number of common shares outstanding of 18,709,702.

7. MANAGEMENT OF CAPITAL

Capital is comprised of the Company’s shareholders’ equity (deficiency) and any debt that it may issue. The Company’s objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company’s management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2022, the Company is not subject to any externally imposed capital requirements.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

a. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at December 31, 2022, the Company is not exposed to currency risk.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

c. Price rate risk

The Company is exposed to price rate risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2022, the Company has limited sources of revenue and has a cash balance of \$nil to settle current liabilities of \$16,444. As such, the Company has insufficient cash to fund corporate overhead costs for the next year.

1344340 B.C. Ltd.

Notes to the Financial Statements

For the period from incorporation (January 24, 2022) to December 31, 2022

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)

Until such time as the Company's investments increase in value or begin generating significant income, the Company will remain dependent upon the financial support of its shareholders and debt holders or the sale of investments.

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at December 31, 2022.

Fair Value Risk

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. The Company is also exposed to fair value risk as a result of its trading activities in publicly traded securities. All of the Company's investments are carried on a FVTPL basis and are recorded at their fair value. As such, changes in fair value affect earnings as they occur.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rate of 26.5%:

	2022
Net loss before income taxes	(21,444)
Expected income tax recovery at statutory rates	5,683
Change in unrecognized deferred tax assets	(5,683)
Income tax expense (recovery)	-

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

	2022
Non capital losses carried forward	(21,444)

Deferred tax assets have not been recognized in respect of the non-capital losses carried forward as it is not probable that future taxable profit will be available against which the Company can use the benefits.

These losses which may reduce taxable income in future years, expire in 2042.