

Condensed Interim Financial  
Statements of:  
**ITOK Capital Corp.**

For the three and nine months ended  
September 30, 2022 and 2021

(Unaudited)

### **NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these interim financial statements.

**ITOK Capital Corp.**  
**Condensed Interim Financial Statements**  
**September 30, 2022 and 2021**

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**ITOK Capital Corp.**  
**Condensed Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

As at	Note	September 30, 2022	December 31, 2021
		(unaudited)	(audited)
<b>ASSETS</b>			
Current assets			
Cash		\$ 75,048	\$ 96
<b>Total assets</b>		<b>\$ 75,048</b>	<b>\$ 96</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	8,10	\$ 119,943	\$ 498,296
Loan payable	9,10	-	90,000
<b>Total liabilities</b>		<b>119,943</b>	<b>588,296</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	879,225	292,991
Obligation to issue shares	11	75,000	-
Other capital reserves		65,074	65,074
Accumulated deficit		(1,064,194)	(946,265)
<b>Total shareholders' equity</b>		<b>(44,895)</b>	<b>(588,200)</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 75,048</b>	<b>\$ 96</b>

Approved on behalf of the Board:

"Gordon Anderson" (signed) Director

"Mohammad Fazil" (signed) Director

*See accompanying notes to condensed interim financial statements.*

## ITOK Capital Corp.

### Condensed Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2022	2021	2022	2021
<b>EXPENSES</b>					
General and administrative		\$ 649	\$ 583	\$ 7,138	\$ 11,824
Professional fees		59,195	3,058	108,933	39,888
Interest expense	9	-	3,381	3,972	9,267
Loss from operating expenses		(59,844)	(7,022)	(120,043)	(60,979)
<b>OTHER ITEMS</b>					
Gain on reversal of accounts payable		-	-	3,648	-
Loss on shares for debt settlement	11	-	-	(1,534)	-
Total other items		-	-	2,114	-
<b>NET LOSS &amp; COMPREHENSIVE LOSS</b>					
		\$ (59,844)	\$ (7,022)	\$ (117,929)	\$ (60,979)
<b>Loss per share</b>					
Basic and diluted	12	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.06)
<b>Weighted average number of shares outstanding</b>					
Basic and diluted	12	6,862,338	1,000,000	4,027,801	1,000,000

*See accompanying notes to condensed interim financial statements*

## ITOK Capital Corp.

### Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited)

	Number of shares	Share capital	Obligation to issue shares	Other capital reserves	Accumulated deficit	Total Shareholders' equity
Balance, December 31, 2020	1,333,332	\$ 292,991	\$ -	\$ 65,074	\$ (867,752)	\$ (509,687)
Cancellation of escrow shares	(333,332)	-	-	-	-	-
Net loss for the period	-	-	-	-	(60,979)	(60,979)
<b>Balance, September 30, 2021</b>	<b>1,000,000</b>	<b>\$ 292,991</b>	<b>\$ -</b>	<b>\$ 65,074</b>	<b>\$ (928,731)</b>	<b>\$ (570,666)</b>
Balance, December 31, 2021	1,000,000	\$ 292,991	\$ -	\$ 65,074	\$ (946,265)	\$ (588,200)
Shares for debt settlement (Note 11)	5,862,338	586,234	-	-	-	586,234
Obligation to issue shares (Note 11)	-	-	75,000	-	-	75,000
Net loss for the period	-	-	-	-	(117,929)	(117,929)
<b>Balance, September 30, 2022</b>	<b>6,862,338</b>	<b>\$ 879,225</b>	<b>\$ 75,000</b>	<b>\$ 65,074</b>	<b>\$ (1,064,194)</b>	<b>\$ (44,895)</b>

*See accompanying notes to condensed interim financial statements*

**ITOK Capital Corp.**  
**Condensed Interim Statements of Cash Flows**  
(Expressed in Canadian dollars)  
(Unaudited)

<b>For the nine months ended September 30,</b>	<b>2022</b>		<b>2021</b>	
<b>OPERATING ACTIVITIES</b>				
Net loss	\$	(117,929)	\$	(60,979)
Changes in non-cash working capital:				
Increase (decrease) in trade and other payables		(378,353)		60,980
Loan payable		(90,000)		-
<b>Cash flows relating to operating activities</b>		<b>(586,282)</b>		<b>1</b>
<b>FINANCING ACTIVITIES</b>				
Shares for debt settlement		586,234		-
Proceeds received in advance for shares to be issued		75,000		-
<b>Cash flows relating to financing activities</b>		<b>661,234</b>		<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>74,952</b>		<b>1</b>
Cash, beginning		96		-
<b>Cash, ending</b>	<b>\$</b>	<b>75,048</b>	<b>\$</b>	<b>1</b>

*See accompanying notes to condensed interim financial statements.*

# **ITOK Capital Corp.**

## **Notes to Condensed Interim Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021**

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### **1. NATURE OF BUSINESS**

ITOK Capital Corp. (the "Corporation") was incorporated under the Business Corporations Act of Ontario on January 21, 2005 and its shares have been listed for trading on the TSX Venture Exchange (the "Exchange") on May 2, 2008. The Corporation is a Capital Pool Corporation as defined in Exchange Policy 2.4. The principal business of the Corporation is the identification and evaluation of assets or businesses, and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder and regulatory approval.

The Corporation's principal address and registered office is 100 King Street West, Suite 6000, 1 First Canadian Place, Toronto, Ontario, M5X 1E2.

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to identify, evaluate and complete a Qualifying Transaction (as such term is defined in Exchange Policy 2.4). Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. With the consent of the Exchange, the Corporation may raise additional funds. These Condensed Interim Financial Statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to identify or complete a suitable Qualifying Transaction within the permitted time prescribed by Exchange Policy 2.4.

### **2. GOING CONCERN**

These Condensed Interim Financial Statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these Condensed Interim Financial Statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. The proposed business of the Company, and the completion of a Qualifying Transaction, involves a high degree of risk. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. 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. Should the Company be unable to complete these plans to obtain additional financing and be unable to continue as a going concern, the Company may be forced to cease operations.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

# **ITOK Capital Corp.**

## **Notes to Condensed Interim Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021**

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### **3. BASIS OF PRESENTATION**

#### **Statement of Compliance**

These condensed interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements were authorized for issue by the directors of the Corporation on November 18, 2022.

#### **Basis of Presentation**

The condensed interim financial statements of the Corporation have been prepared on a historical cost basis and are presented in Canadian dollars which is the functional currency of the Company, except where otherwise indicated. All amounts are rounded to the nearest dollar. The condensed interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation applies the same accounting policies and methods of computation in its condensed interim financial statements as in its December 31, 2021 audited financial statements.

#### **(i) Recently adopted accounting standards**

At the date of the approval of the financial statements, a number of standards and interpretations were in issue but not yet effective. The Corporation considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Corporation's financial statements.

### **5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited financial statements for the year ended December 31, 2021.

### **6. BASIS OF FAIR VALUE**

The Corporation's financial instruments consist of cash, trade and other payables and loans payable. The fair value of the Corporation's trade and other payables and loans payable approximate the carrying value, which is the amount on the condensed interim statements of financial position due to their short-term maturities or ability of prompt liquidation.

# ITOK Capital Corp.

## Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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### 6. BASIS OF FAIR VALUE (continued)

The Corporation's cash is measured at fair value under the fair market hierarchy, based on level one quoted prices in active markets for identical assets.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

*Level 1:* fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

*Level 2:* fair value measurements are those derived from inputs other than quoted prices included within 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:* fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 7. QUALIFYING TRANSACTION

On June 27, 2022, the Company entered into a non-binding letter of intent ("LOI") with 2413017 Alberta Ltd. ("241"), an arm's length entity incorporated under the laws of the province of Alberta. 241's wholly owned subsidiary FCRL Belize Ltd. ("FCB") is approved by the Government of Belize to carry out an exploration for petroleum resources work program under a production sharing agreement with the Government of Belize. The LOI outlines the terms and conditions pursuant to which the Company and 241 will complete a transaction that will result in a reverse take-over of the Company (the "Proposed Transaction"). The Company and 241 intended to enter into a definitive agreement on or before July 30, 2022 or such other date mutually agreed to by both parties. At the time of filing, this agreement has not yet been entered into.

Concurrent to the transaction, the Company intends to complete a private placement of up to \$400,000 at a price of \$0.10 per share. The company may elect to increase the private placement to \$600,000. As part of the definitive agreement, 241 also intends to complete a financing for a total of \$875,000 prior to the closing of the transaction.

Upon completion of the Proposed Transaction, the current shareholders of Company are expected to end up holding approximately 15% and the shareholders of 241 are expected to end up holding 75% of the issued shares of the resulting issuer.

It is contemplated that the Proposed Transaction would constitute the Company's "Qualifying Transaction" ("QT") pursuant to Policy 2.4 of the TSX Venture Exchange. The completion of the Proposed Transaction is subject to regulatory approval.

# ITOK Capital Corp.

## Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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### 8. TRADE AND OTHER PAYABLES

	September 30, 2022	December 31, 2021
Accounts payable	\$ 10,412	\$ 64,442
Accrued liabilities	45,588	9,658
Due to related parties (Note 10)	63,943	424,196
	\$ 119,943	\$ 498,296

### 9. LOAN PAYABLE

On March 23, 2015, the Corporation issued \$90,000 convertible debentures, bearing simple interest rate of 12% per annum with maturity date on December 31, 2017 and is due on demand. The holder at any time may convert all or any part of the outstanding principal and accrued interest into units at a conversion price of \$0.05 per unit. Upon issuance, a debt discount of \$10,871 was recorded to equity and was accreted over the life of the debenture, as of December 31, 2017, the debt discount was fully accreted.

On May 13, 2022, the \$90,000 convertible debenture and \$77,104 accrued interest payable was repaid in full through the issuance of 1,671,040 common shares at price of \$0.10 per common share.

As at September 30, 2022, the carrying value of the convertible debenture was \$Nil (December 31, 2021 - \$90,000) and had accrued interest payable totaling \$Nil (December 31, 2021 - \$73,132).

### 10. RELATED PARTY TRANSACTIONS

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company. All related party transactions are carried out in the normal course of operation. There were no compensation costs for key management personnel during the nine months ended September 30, 2022 and 2021.

#### *Related party balances:*

As at September 30, 2022, included in trade and other payables was \$63,943 (December 31, 2021 - \$351,064) owing to related parties for professional fees and expense reimbursements. These amounts are non-interest bearing, unsecured and due on demand. As at September 30, 2022, the Company owed \$Nil (December 31, 2021 - \$90,000) in the form of a convertible debenture and \$Nil (December 31, 2021 - \$73,132) in accrued interest related to the convertible debenture included in trade and other payables owing to a related party.

#### *Related party transactions:*

On May 13, 2022, the Company issued 5,800,000 common shares at a price of \$0.10 per common share to settle amounts owing to related parties of \$579,507, resulting in a loss on settlement of related party debt of \$493.

# **ITOK Capital Corp.**

## **Notes to Condensed Interim Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021**

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### **10. RELATED PARTY TRANSACTIONS (continued)**

During the three and nine months ended September 30, 2022, the Company incurred interest expense related to the convertible debenture of \$Nil and \$3,972 respectively, which was settled on May 13, 2022 through the shares for debt settlement.

### **11. SHARE CAPITAL**

Authorized share capital consists of the following:

- an unlimited number of common shares without par value; and
- an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value, redeemable at the option of the Corporation or the holder.

To date, no preferred shares have been issued.

#### **(a) Shares issued**

During the nine months ended September 30, 2022, the Company issued 5,862,338 common shares at a price of \$0.10 per common share to settle debt of \$584,700 owing to its vendors, resulting in a loss on shares for debt settlement of \$1,534.

During the year ended December 31, 2021, the Corporation did not issue any common shares.

#### **(b) Shared-based payments**

The Corporation has a stock option plan administered by the Board of Directors. The Board may from time to time and at its discretion, and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

Options will be exercisable for a period of up to five (5) years from the date of the grant. The number of common shares reserved for issuance to any individual director, officer or employee will not exceed 5% of the issued and outstanding common shares. The number of common shares reserved for issuance to consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Corporation, excepting that if the cessation of the office, directorship, employment or technical consulting arrangements was by reason of death, in which case the option may be exercised within a maximum period of one (1) year after death, subject to option expiry. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction will be subject to escrow restrictions. As at September 30, 2022, there were no options issued or outstanding.

#### **(c) Obligation to issue shares**

On July 20, 2022 the Company received \$75,000 of cash in relation to the issuance of 750,000 common shares to be issued at a price of \$0.10 per share as part of a private placement.

# ITOK Capital Corp.

## Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

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### 12. LOSS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the period.

The following reflects the earnings and unit data used in the basic and diluted earnings per share computations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Weighted average number of shares – basic:				
Issued common shares as at beginning of the period	6,862,338	1,333,332	1,000,000	1,333,332
Effect of common shares issued during the period	-	-	3,027,801	-
Effect of escrowed shares	-	(333,332)	-	(333,332)
	6,862,338	1,000,000	4,027,801	1,000,000

The Corporation has excluded common share purchase warrants and potential common share equivalents, comprised of incremental shares from stock options calculated using the treasury method from the earnings (loss) per share calculation, as they were anti-dilutive.

### 13. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern to identify, evaluate and complete a Qualifying Transaction and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk by monitoring its net debt position. In the management of capital, the Company considers capital to be the components of shareholders' equity.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue new debt or equity. The Corporation is highly dependent on capital markets as its source of operating capital.

The Corporation is not subject to any externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the nine months ended September 30, 2022.

# **ITOK Capital Corp.**

## **Notes to Condensed Interim Financial Statements**

**For the three and nine months ended September 30, 2022 and 2021**

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### **14. FINANCIAL RISK MANAGEMENT**

The Corporation is exposed to varying degrees to a variety of financial instrument related risks:

#### **(a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash is exposed to credit risk. The Corporation reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2022, the Corporation is not exposed to any significant credit risk.

#### **(b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the Condensed Interim Financial Statements is interest expense on its loan payable which was settled during the nine months ended September 30, 2022. As at September 30, 2022, the Corporation is not exposed to any significant interest rate risk.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Corporation addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Corporation has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

As at September 30, 2022 the Corporation had \$75,048 (December 31, 2021 - \$96) in cash to settle current liabilities of \$119,943 (December 31, 2021 - \$588,296). All of the Company's current liabilities are due on demand. The Corporation will require additional financings to meet its short-term financial obligations.

#### **(d) Other Risks**

Based on management's knowledge and experience of the financial markets, management does not believe that the Corporation's financial instruments will be affected by foreign exchange risk, price risk or other risk.