

Financial Statements of:
ITOK Capital Corp.

For the years ended
December 31, 2021 and 2020

ITOK Capital Corp.
Financial Statements
December 31, 2021

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of **ITOK Capital Corp.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ITOK Capital Corp.** (the "Corporation"), which comprise of the statements of financial position as at **December 31, 2021** and **December 31, 2020**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, 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 Corporation as at **December 31, 2021** and **December 31, 2020**, and its financial performance and its cash flows for the years 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 Corporation 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.

Material Uncertainty Related to Going Concern

Without qualifying our audit opinion, we draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 IFRSs, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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.

INDEPENDENT AUDITOR'S REPORT

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 Corporation'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 Corporation'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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT

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 Sadik Najarali.

NVS Professional Corporation

NVS Professional Corporation
Chartered Professional Accountants
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

Markham, Ontario
April 28, 2022

ITOK Capital Corp.

Statements of Financial Position (Expressed in Canadian dollars)

As at	Note	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash		\$ 96	\$ -
Total assets		\$ 96	\$ -
LIABILITIES			
Current liabilities			
Trade and other payables	7,9	\$ 498,296	\$ 419,687
Loan payable	8,9	90,000	90,000
Total liabilities		588,296	509,687
SHAREHOLDERS' EQUITY			
Capital stock	10	292,991	292,991
Other capital reserves		65,074	65,074
Retained deficit		(946,265)	(867,752)
Total shareholders' equity		(588,200)	(509,687)
Total liabilities and equity		\$ 96	\$ -

Subsequent Event (Note 15)

Approved on behalf of the Board:

"Gordon Anderson" (signed) Director

"Mohammad Fazil" (signed) Director

See accompanying notes to financial statements.

ITOK Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended December 31,	Note	2021	2020
EXPENSES			
General and administrative		\$ 14,596	\$ 6,600
Professional fees		53,314	49,860
Interest expense	8	10,603	11,155
		78,513	67,615
NET LOSS AND COMPREHENSIVE LOSS			
		\$ (78,513)	\$ (67,615)
Loss per share			
Basic and diluted	11	\$ (0.08)	\$ (0.07)
Weighted average number of shares outstanding			
Basic and diluted	11	1,000,000	1,000,000

See accompanying notes to financial statements.

ITOK Capital Corp.

Statements of Changes in Shareholders' Equity (Expressed in Canadian dollars)

	Number of shares	Share capital	Other capital reserves	Deficit	Shareholders' equity
Balance, January 1, 2020	1,333,332	\$ 292,991	\$ 65,074	\$ (800,137)	\$ (442,072)
Net loss for the period	-	-	-	(67,615)	(67,615)
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	-	-	-	(78,513)	(78,513)
Balance, December 31, 2021	1,000,000	\$ 292,991	\$ 65,074	\$ (946,265)	\$ (588,200)

See accompanying notes to financial statements

ITOK Capital Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended December 31,	2021	2020
OPERATING ACTIVITIES		
Net loss	\$ (78,513)	\$ (67,615)
Changes in non-cash working capital:		
Increase in trade and other payables	78,609	65,300
Cash flows relating to operating activities	96	(2,315)
NET INCREASE (DECREASE) IN CASH	96	(2,315)
Cash, beginning	-	2,315
Cash, ending	\$ 96	\$ -

See accompanying notes to financial statements.

ITOK Capital Corp.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

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 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 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 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 the Financial Statements
For the years ended December 31, 2021 and 2020

3. BASIS OF PRESENTATION

Statement of Compliance

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

The financial statements were authorized for issue by the directors of the Corporation on April 28, 2022.

Basis of Presentation

The 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 financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share-based payments are recognized as a deduction from equity, net of any tax effects.

(b) Share-based payments

The Corporation has a share-based compensation plan. Equity-settled share-based payments to employees are measured at the fair value of the instruments at the grant date (where there is a shared understanding), using the Black-Scholes option valuation model. The Corporation recognizes expense related to share-based compensation over the vesting period of the instruments granted, with the related credit being charged to other capital reserves. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from other capital reserves to share capital.

(c) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of loss and comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of loss and comprehensive loss.

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Taxes

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

Current income tax

Current income tax assets and liabilities for the respective and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Corporation operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in the subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in the subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside the statement of loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

(e) Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated using the weighted average number of common shares that are outstanding during the period. Diluted loss per share is calculated using the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury method. The treasury method assumes that the proceeds from the issuance of potential common shares are used to purchase common shares at the average share price during the period.

(f) Debentures

The Corporation accounts for its convertible debentures as financial instruments in accordance with IAS 32 which requires that both elements of debt and equity be accounted for in accordance with the substance of the contractual arrangement on initial recognition. The debenture is fair valued using an appropriate market rate of interest applicable to the debt, assuming it had no conversion feature or attached warrants. The excess of the net proceeds received from the debenture over the fair value of the debenture (residual value method) is then allocated, based on their proportionate fair values, to the conversion feature and warrants. The estimated fair value of the conversion feature and warrants issued have been included in shareholders' equity through contributed surplus. The carrying value of the liability component is being accreted to the principal face amount as additional interest expense over the term of the liability using the effective interest rate method.

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Corporation’s receivables.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows.

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables and loan payable are measured at amortized cost.

(h) New accounting standards issued but not yet effective

There are no new accounting standards which will come into effect for annual periods beginning on or after January 1, 2022, that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting years. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships and the long-term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

ITOK Capital Corp.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Going concern

The Corporation's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the Corporation's ability to obtain the ongoing support of its lenders, investors, obtain profitable operations and raise additional capital. These financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would necessary should the Corporation not be able to continue as a going concern and such adjustments could be material.

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 statements of financial position due to their short-term maturities or ability of prompt liquidation. 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 marker data (unobservable inputs).

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

7. TRADE AND OTHER PAYABLES

As at December 31,	2021	2020
Accounts payable	\$ 64,442	\$ 94,314
Accrued liabilities	9,658	10,964
Due to related parties (note 9)	424,196	314,409
	\$ 498,296	\$ 419,687

8. 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. As at December 31, 2021 and 2020, the carrying value of the convertible debenture was \$90,000 and had accrued interest payable totaling \$73,132 and \$62,332, respectively.

As at December 31, 2021, the convertible debenture was not in good standing, as it was not repaid on its maturity date of December 31, 2017. The convertible debenture carries no recourse and the convertible features and interest rates remain the intact. No additional penalties are associated with any potential late repayment of the convertible debenture. As at April 28, 2022, the Company has still not cured the default.

9. 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 years ended December 31, 2021 and 2020.

Related party balances:

As at December 31, 2021, included in trade and other payables was \$351,064 (2020 - \$252,077) owing to related parties, for expense reimbursements. These amounts are non-interest bearing, unsecured and due on demand. As at December 31, 2021, the Company owed \$90,000 (2020 - \$90,000) in the form of a convertible debenture and \$73,132 (2020 - \$62,332) in accrued interest related to the convertible debenture included in trade and other payables owing to a related party.

10. 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.

ITOK Capital Corp.
Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

10. SHARE CAPITAL (Cont'd)

(a) Shares issued

During the years ended December 31, 2021 and 2020, the Corporation did not issue any shares of common stock. During the year ended December 31, 2021, 333,332 common shares held in escrow were cancelled.

(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 of December 31, 2021, there were no options issued or outstanding.

11. 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 year ended December 31,	2021	2020
Weighted average number of shares – basic:		
Issued common shares as at January 1,	1,333,332	1,333,332
Effect of common shares issued during the period	-	-
Effect of escrowed shares	(333,332)	(333,332)
	1,000,000	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 loss per share calculation, as they were anti-dilutive. During the year ended December 31, 2021 the 333,332 common shares held in escrow were cancelled.

ITOK Capital Corp.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

12. 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 and loans payable.

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 year ended December 31, 2021.

13. 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 December 31, 2021, 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 financial statements is interest expense on loans payable. The Corporation has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at December 31, 2021, 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.

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13. FINANCIAL RISK MANAGEMENT (cont'd)

As at December 31, 2021, the Corporation had cash of \$96 (2020 - \$nil) to settle current liabilities of \$588,296 (2020 - \$509,687). All 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.

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Year ended December 31,	2021	2020
Loss before income taxes	\$ (78,513)	\$ (67,615)
Income tax rate	27.00%	26.50%
Expected income tax recovery	\$ (21,199)	\$ (17,918)
Effect on income taxes of:		
Net change in valuation allowance	21,199	17,918
Total income tax expense (recovery)	\$ -	\$ -

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

Year ended December 31,	2021	2020
Deferred tax assets		
Non-capital losses carried forward	246,621	225,422
Less: Valuation allowance	(246,621)	(225,422)
	\$ -	\$ -

No net deferred tax asset has been recognized in respect of the above for the years ended December 31, 2021 and 2020 because the amount of future taxable income that will be available to realize such assets is not probable.

The Corporation has non-capital losses for Canadian income tax purposes of approximately \$929,163 which may be carried forward and applied against taxable income in future years and will expire between 2027 and 2041.

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15. SUBSEQUENT EVENT

On April 4, 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 intend to enter into a definitive agreement on or after April 29, 2022, or such other date mutually agreed to by both parties.

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. As part of the definitive agreement, 241 also intends to complete a financing for a total of \$800,000 prior to the closing of the transaction.

Upon completion of the Proposed Transaction, the current shareholders of Company is expected to end up holding approximately 25% and the shareholders of 241 is 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.