

**13842053 Canada Corp (formerly “1290451 B.C.Ltd.”)**  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND FOR THE  
PERIOD FROM INCORPORATION (FEB 23, 2021) TO MARCH 31, 2021  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)

**Notice To Reader**

The accompanying unaudited condensed interim financial statements of 13842053 Canada Corp (“Formerly 1290451 B.C. Ltd’). (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

## Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

As at		March 31, 2022	December 31, 2021
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		31,991	69,873
Accounts receivable		500	500
<b>TOTAL ASSETS</b>		<b>32,491</b>	<b>70,373</b>
<b>LIABILITIES AND SHAREHOLDER’S EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		6,510	32,032
<b>TOTAL LIABILITIES</b>		<b>6,510</b>	<b>32,032</b>
<b>SHAREHOLDER’S EQUITY</b>			
Share capital	5	100,000	100,000
Deficit		(74,019)	(61,659)
<b>Total shareholder’s equity</b>		<b>25,981</b>	<b>38,341</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER’S EQUITY</b>		<b>32,491</b>	<b>70,373</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 9)

Approved on behalf of the Board on May 27, 2022:

“Michael Lerner”  
Michael Lerner – CEO / Director

“Harvey McKenzie”  
Harvey McKenzie - Director

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**  
Condensed Interim Statements of Net Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

Period ended	Notes	March 31, 2022	For the period from incorporation (Feb 23, 2021) to March 31, 2021
		\$	\$
<b>EXPENSES</b>			
Professional fees		1,712	-
Legal expenses		8,289	-
Office and General		2,359	-
<b>Total Expenses</b>		<b>12,360</b>	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(12,360)</b>	<b>(-)</b>
Weighted average number of shares outstanding – Basic and diluted (Note 6)		1,100,000	-
Basic and diluted loss per share		\$ (0.01)	\$ -

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

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

## Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

	<b>Three months ended March 31, 2022</b>	For the period from incorporation (Feb 23, 2021) to March 31, 2021
	\$	\$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss for the period	<b>(12,360)</b>	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	<b>(25,522)</b>	-
<b>Cash flows used in operating activities</b>	<b>(37,882)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash flows from investing activities</b>	-	-
Decrease in cash	<b>(37,882)</b>	-
Cash, beginning of period	<b>69,873</b>	-
<b>Cash, end of period</b>	<b>31,991</b>	-

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

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**  
 Condensed Interim Statement of Changes in Shareholders’ Equity  
 (Expressed in Canadian Dollars)

For the three-month ended March 31, 2022 and for the period from incorporation (Feb 23, 2021) to March 31, 2021

	Shares	Shares Amount	Accumulated Deficit	Total
	#	(\$)	(\$)	(\$)
Balance, February 23, 2021	-	-	-	-
Common Shares Issued during the period (Note 5)	1,100,000	100,000	-	100,000
Net Loss for the period	-	-	(61,659)	(61,659)
Balance, December 31, 2021	1,100,000	100,000	(61,659)	38,341
Net Loss for the period	-	-	<b>(12,360)</b>	<b>(12,360)</b>
<b>Balance, March 31, 2022</b>	<b>1,100,000</b>	<b>100,000</b>	<b>(74,019)</b>	<b>25,981</b>

The accompanying notes are an integral part of these condensed interim financial statements

## **13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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### **1. NATURE OF BUSINESS AND GOING CONCERN**

13842053 Canada Corp (“formerly “1290451 B.C. Ltd.”) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (the “BCBCA”) on February 23, 2021. The head office and records and registered office is located at 47 Lakeshore Road East, Unit 201, Mississauga, Ontario L5G 1C9.

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

On May 29, 2019, ECC Diversified Inc. (“ECC”) completed a strategic reorganization of its assets by way of a plan of arrangement (the “Arrangement”) in which it spun out Larose Ventures Ltd. and its other investee subsidiaries. This Arrangement involved the transfer of certain assets into Larose. The Arrangement was approved by the shareholders of ECC at an annual general and special meeting held on May 17, 2019 and the Supreme Court of British Columbia issued its final order approving the Arrangement on May 28, 2019.

Effective April 1, 2021, Larose completed a spinout by way of a plan of arrangement with the Company and 1290439 B.C. Ltd. (“439”), 1290447 B.C. Ltd. (“447”), 1290448 B.C. Ltd. (“448”), 1290442 B.C. Ltd. (“442”), 1290457 B.C. Ltd. (“457”) and together with, the Company 439, 447, 442, 448, 451 and 447, the “Spinout Entities”) under the BCBCA (the “Larose Arrangement”).

Pursuant to the Arrangement, shareholders of Larose as of the close of business on the record date of March 8, 2021 received one half of one common share of each of the Spinout Entities for every common share of Larose that they held as of March 8, 2021.

The Larose Arrangement was approved by the unanimous written consent of the shareholders of the Larose. Larose obtained the final order approving the Larose Arrangement from the Supreme Court of British Columbia on March 26, 2021.

Pursuant to the amalgamation of Larose ventures with 1282454 BC Ltd., the shareholders of the Company were issued 1,000,000 common shares each at a cost of \$0.125 per common share.

These interim condensed 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 March 31, 2022, the Company had no sources of revenue and an accumulated deficit of \$74,019 (December 31, 2021 - \$61,659). At March 31, 2022, the Company had cash of \$31,991 (December 31, 2021 - \$69,873) and working capital of \$25,981 (December 31, 2021 – \$38,341). These conditions raise material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

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.

## **13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance and basis of presentation**

These condensed interim 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 condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency. The condensed interim 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 condensed interim financial statements for the period ended March 31, 2022 was authorized by the Board of Directors for issuance on May 27, 2022.

#### **(b) Basis of measurement**

These condensed interim 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.

### **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:

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**(a) Cash**

Cash is comprised of cash with a chartered bank and with lawyer's trust account.

**(b) 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.

**(c) 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.

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

**(d) 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.

*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.

## 13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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.

#### *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.

Cash has been measured at fair value using Level 1 inputs. 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.

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

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(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) 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. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

**(f) 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.

On April 1, 2021, as a result of the Arrangement, two shareholders have ownership and control over 500,000 common shares of the Company. On May 12, 2021, the Company closed a non-brokered private placement, in which it raised gross proceeds of \$100,000 from these two shareholders. Please see note 5(b)2 for more details.

During the three months ended March 31, 2022, there were no related party transactions with key management personnel.

## 13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

### 5. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common and preferred shares without par value.

#### (b) Issued and outstanding

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

	Number of Shares	Amount
Shares issued – February 23, 2021	1	1
Shares issued – April 1, 2021 <sup>1</sup>	1,000,000	-
Shares cancelled – April 1, 2021 <sup>2</sup>	(1)	(1)
Shares issued – May 12, 2021 <sup>3</sup>	100,000	100,000
<b>Balance, December 31, 2021 and March 31, 2022</b>	<b>1,100,000</b>	<b>100,000</b>

<sup>1</sup>Effective April 1, 2021, the Larose Arrangement was completed. Pursuant to the Larose Arrangement, shareholders of Larose as of the close of business on the record date of March 8, 2021 received one half of one common share of each of the Spinout Entities for every common share of Larose that they held as of March 8, 2021.

As a result of the Arrangement, two shareholders have ownership and control over 500,000 common shares of the Company.

<sup>2</sup>On April 1, 2021, as part of the arrangement agreement, the Company also cancelled one share that was issued on incorporation.

<sup>3</sup>On May 12, 2021, the Company closed a non-brokered private placement, in which it raised gross proceeds of \$100,000 with the above-mentioned shareholders. This placement consisted of 100,000 common shares of the Company at a price of \$1.00 per common share (the “Offering”). No finder’s fees were payable in connection with the Offering. The Company intends to use the proceeds of the Offering for general working capital purposes.

### 6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2022 was based on the loss attributable to common shareholders of \$12,360 and the weighted average number of common shares outstanding of 1,100,000.

### 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.

## **13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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### **7. MANAGEMENT OF CAPITAL (continued)**

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 March 31, 2022 and December 31, 2021, the Company is not subject to any externally imposed capital requirements.

### **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 March 31, 2022 and December 31, 2021, 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 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.

## 13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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### 8. FINANCIAL INSTRUMENTS (continued)

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At March 31, 2022, the Company has limited sources of revenue and has a cash balance of \$31,991 (December 31, 2021 - \$69,873) to settle current liabilities of \$6,510 (December 31, 2021 - \$32,032). As such, the Company has sufficient cash to fund corporate overhead costs and the repayment of the Company’s debt obligations for the next year.

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. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

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 March 31, 2022 and at December 31, 2021.

#### 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.

The fair value of cash at March 31, 2022 and December 31, 2021 approximates their carrying values due to their short term to maturity.

### 9. SUBSEQUENT EVENTS

On May 13, 2022, the Company and Clip Money Inc. (“Clip”) announced the closing of the previously announced private placement of subscription receipts (the “**Subscription Receipts**”) of Clip at a price of \$1.00 per Subscription Receipt for aggregate gross proceeds of approximately \$8.1 million (the “**Offering**”), which includes a lead order from a strategic investor for \$3 million. The Offering was completed in connection with Clip’s proposed going public transaction (the “**Proposed Transaction**”), to be completed by way of amalgamation with the Company, which was previously announced on August, 6, 2021. It is anticipated that the combined company resulting from the completion of the Proposed Transaction (the “**Resulting Issuer**”) will be renamed “Clip Money Inc.”, or such other name mutually agreed to by Clip and the Company and acceptable to the TSX Venture Exchange (“**TSXV**”).

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(Expressed in Canadian Dollars)

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### 9. SUBSEQUENT EVENTS (continued)

The Subscription Receipts were created and issued pursuant to a subscription receipt agreement dated May 13, 2022 (the “**Subscription Receipt Agreement**”) among Clip, the Company and TSX Trust Company, in its capacity as subscription receipt and escrow agent. Upon satisfaction of the escrow release conditions in accordance with the Subscription Receipt Agreement, each Subscription Receipt will be automatically exchanged, without payment of any additional consideration and without further action on the part of the holder thereof, into one unit of Clip (each, a “**Unit**”) with each such Unit being comprised of one common share in the capital of Clip (a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of \$1.50 for a period of 24 months following the satisfaction of the escrow release conditions, subject to the Company’s right to accelerate the expiry of the Warrants in the event the volume-weighted average trading price of the common shares of the Resulting Issuer is greater than \$2.00 for a period of 10 consecutive trading days. It is expected that on closing of the Proposed Transaction, each Common Share will be exchanged for one common share of the Resulting Issuer and each Warrant will be exchanged for one Warrant of the Resulting Issuer.

The Proposed Transaction is expected to close prior to May 30, 2022. Clip has received conditional approval from the TSXV to list the common shares of the Resulting Issuer on the TSXV. Upon receipt of the final approval from the TSXV, the Resulting Issuer common shares will begin trading on the TSXV following closing of the Proposed Transaction.

On May 20, 2022, Clip announced the completion of the previously announced “reverse takeover” (the “**RTO**”) of the Company. In furtherance of the RTO, former Clip and the Company amalgamated under the federal laws of Canada pursuant to an amalgamation agreement dated May 20, 2022 (the “**Amalgamation Agreement**”). The amalgamated entity will continue under the name “Clip Money Inc.”.

Prior to the completion of the RTO and pursuant to the Amalgamation Agreement the Company implemented a split of all its outstanding common shares based on a ratio of 1.2727:1 resulting in an aggregate of 1,400,000 post-split common shares of the Company outstanding, and Clip implemented a split of all of its outstanding common shares based on a ratio of 31.3325:1 resulting in an aggregate of 51,152,511 common shares of Clip.

Pursuant to the Amalgamation Agreement, the Company and Clip amalgamated under the *Canada Business Corporations Act*, resulting in:

- (i) each shareholder of Clip receiving one common share of the Resulting Issuer (each a “**Resulting Issuer Common Share**”) in exchange for each common share of Clip held by such holder as well as the pre-split common shares of Clip being cancelled;
- (ii) each holder of Clip options receiving one option of the Resulting Issuer (each a “**Resulting Issuer Option**”) in exchange for each option of Clip;
- (iii) each holder of Clip warrants receiving one warrant of the Resulting Issuer (each a “**Resulting Issuer Warrant**”) in exchange for each warrant of Clip. Each Resulting Issuer Warrant may be exercised for one Resulting Issuer Common Share at an exercise price of \$1.50 per Resulting Issuer Common Share;
- (iv) each holder of a broker warrant receiving one broker warrant of the Resulting Issuer. Each broker warrant may be exercised for one Resulting Issuer Common share and one half of one Resulting Issuer Warrant at an aggregate exercise price of \$1.00;
- (v) each shareholder of the Company receiving one Resulting Issuer Common Share in exchange for each common share of the Company (on a post-Company split basis) as well as the common shares of the Company being cancelled;

**13842053 Canada Corp. (formerly “1290451 B.C.Ltd.”)**

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the three-month period ended March 31, 2022 and for the period from incorporation (Feb 23) to March 31, 2021

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**9. SUBSEQUENT EVENTS (continued)**

- (vi) the corporation resulting from the Amalgamation being named “Clip Money Inc.”;
- (vii) new corporate governance policies of the Resulting Issuer being adopted;
- (viii) a new omnibus equity incentive plan of the Resulting Issuer being adopted; and
- (ix) the board of the Resulting Issuer being reconstituted to include Daren Trousdell, Joseph Arrange, Jeff Gibson, Peter Dorsman, and John Desmond.

On May 26, 2022, the Resulting Issuer announced that its common shares will commence trading on May 26, 2022 on the TSXV under the ticker symbol “CLIP”.