

CARCETTI CAPITAL CORP.

(formerly Cub Energy Inc.)

Condensed Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited, expressed in thousands of US Dollars, unless otherwise noted)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited condensed interim financial statements of Carcetti Capital Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor. These unaudited condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the condensed consolidated interim financial position, results of operations and cash flows.

Carcetti Capital Corp.
Condensed Interim Statements of Financial Position
(Unaudited, expressed in thousands of US dollars)

	June 30, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash	301	7,190
Trade and other receivables	4	4
	305	7,194
Total assets	305	7,194
Liabilities		
Current liabilities		
Trade and other payables	14	92
Preferred share redemption payable (Note 10)	-	6,900
Total liabilities	14	6,992
Shareholders' equity		
Share capital (Note 10)	55,525	55,157
Contributed surplus (Note 10)	5,454	5,454
Accumulated other comprehensive (loss) income	87	137
Accumulated deficit	(60,775)	(60,546)
Total shareholders' equity	291	202
Total shareholders' equity and liabilities	305	7,194

Nature of operations and going concern (Note 1)

These condensed interim financial statements for the three and six months ended June 30, 2023 and 2022, were approved by the Board of Directors of the Company on August 28, 2023.

Approved by the Board

"Glenn Kumoi"
Director **(Signed)**

"Richard Silas"
Director **(Signed)**

See accompanying notes, which are an integral part of these condensed interim financial statements

Carcetti Capital Corp.**Condensed Interim Statements of Operations and Comprehensive (Loss) Income**

(Unaudited, expressed in thousands of US dollars, except per share data)

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating expenses				
Selling and general administrative expenses (Note 12)	172	136	259	531
Finance (income) loss, net	-	(25)	(30)	80
Net loss from continuing operations	172	111	229	611
Loss from discontinued operations (Note 5)	-	110	-	143
Net loss	172	221	229	754
Other comprehensive (income) loss				
Items that may be reclassified to profit or loss				
Foreign currency translation adjustment on foreign operations	(9)	(56)	50	(151)
Comprehensive loss	163	165	279	603
Loss per share				
Basic (Note 11)	(0.05)	(0.21)	(0.11)	(0.72)
Diluted (Note 11)	(0.05)	(0.21)	(0.11)	(0.72)

See accompanying notes, which are an integral part of these condensed interim financial statement

Carcetti Capital Corp.
Condensed interim Statement of Changes in Shareholders' Equity
(Unaudited, expressed in thousands of US dollars)

	Number of shares	Share capital	Contributed surplus	Other reserve	Share of change in equity in associated company	Accumulated other comprehensive loss	Deficit	Total
		\$	\$	\$	\$	\$		\$
Balance, January 1, 2022	1,047,383	62,057	5,454	2,193	(2,187)	(41,796)	(18,265)	7,456
Currency translation adjustment	-	-	-	-	-	151	-	151
Net loss	-	-	-	-	-	-	(754)	(754)
Balance, June 30, 2022	1,047,383	62,057	5,454	2,193	(2,187)	(41,645)	(19,019)	6,853
Balance, January 1, 2023	1,047,383	55,157	5,454	-	-	137	(60,546)	202
Shares issued for proceeds	4,166,667	368	-	-	-	-	-	368
Currency translation adjustment	-	-	-	-	-	(50)	-	(50)
Net loss	-	-	-	-	-	-	(229)	(229)
Balance, June 30, 2023	5,214,500	55,525	5,454	-	-	87	(60,775)	291

See accompanying notes, which are an integral part of these condensed interim financial statements

Carcetti Capital Corp.
Condensed interim Statements of Cash Flows
(Unaudited, expressed in thousands of US dollars)

	For the six months ended June 30,	
	2023	2022
	\$	\$
Operating activities		
Net loss from continuing operations	(229)	(611)
Changes in working capital (Note 6)	(78)	2,038
Cash (used in) provided by operating activities	(307)	1,427
Cash used in discontinued operations	-	(117)
Investing activities		
Proceeds on sale of KUB holdings (Note 4)	-	2,600
Cash provided by investing activities	-	2,600
Financing activities		
Preferred share redemption (Note 10)	(6,900)	-
Repayment of KUB-Gas loan (Note 8)	-	(2,474)
Shares issued for proceeds	368	-
Cash used in financing activities	(6,532)	(2,474)
Cash used in discontinued financing activities	-	(139)
Net change in cash from continuing operations	(6,839)	1,553
Net change in cash from discontinued operations (Note 5)	-	(263)
Effect of foreign exchange on cash	(50)	85
Cash, beginning of period	7,190	7,368
Cash, end of period	301	8,743

Supplemental cash flow information (Note 6)

See accompanying notes, which are an integral part of these condensed interim financial statements

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

1 Nature of operations and going concern

Carcetti Capital Corp. (formerly Cub Energy Inc.) (the “Company”) was engaged in the exploration and development of energy. The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) and continued under the Canadian Business Corporations Act in February 2012. The address of the Company’s registered office is 1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8, Canada and the records office is Suite 3300, 205 5th Avenue SW, Calgary, AB, T2P 2V7. The Company is listed on the NEX board of the TSX Venture Exchange (“TSXV”) under the trading symbol “CART.H”.

During the year ended December 31, 2022, the Company divested its subsidiary 3P International Energy Limited (“3P”) and 3P’s wholly owned subsidiary Tysagaz LLC (“Tysagaz”), which held a 100% working interest in one production licence in western Ukraine (See Note 5). Also during 2022 the Company, through its subsidiary Gastek LLC (“Gastek”), sold its 35% equity interest in KUBGAS Holdings Limited (“KUB Holdings”) which in turn owns a 100% equity interest in KUB-Gas LLC (“KUB-Gas”). KUB-Gas owns and operates six licenced gas and gas condensate fields in eastern Ukraine (See Notes 4 and 8).

On December 30, 2022, the Company completed the reorganization of the Company’s share capital to permit the Company to pay a special cash distribution of CAD \$9.00 per share (CAD\$0.03 per share pre-share consolidation) to shareholders of record as at December 23, 2022 for a total distribution of \$6,900 (the “Special Distribution”). See Note 10. In connection with the Special Distribution, the Company filed articles of amendment which created a new class of common shares (“Class B Common Shares”) and a class of preferred shares (“Preferred Shares”) and the exchange of the existing Company common shares for new Class B Common Shares and Preferred Shares on the basis of one Class B Common Share and one Preferred Share for every Company common share currently outstanding. During the six months ended June 30, 2023, the Special Distribution was paid to shareholders of record.

Also on December 30, 2022, the Company changed its name to “Carcetti Capital Corp.” and completed a share consolidation on the basis of one (1) new share for every three hundred (300) old shares as part of the Company’s reorganization. All share, stock option and per share amounts in these financial statements have been adjusted to give retroactive effect to the stock consolidation.

As of June 30, 2023, the Company had working capital of \$291 (December 31, 2022 – \$202) and accumulated deficit of \$60,775 (December 31, 2022 – \$60,546) since its inception and may incur future losses in the development of its business that may cast significant doubt about the ability of the Company to continue as a going concern.

2 Basis of preparation

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations as issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 *Interim Financial Reporting* and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financials for the year ended December 31, 2022.

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

2 Basis of preparation (continued)

(b) Basis of consolidation

Former subsidiaries and functional and reporting currencies

The following table describes the Company's former subsidiaries and former equity accounted investments, their jurisdiction of incorporation, functional currency, continuance or formation and the percentage of securities beneficially owned, controlled or directed by the Company. The Company held no subsidiaries and no equity investments as at June 30, 2023 and December 31, 2022.

Name of former Subsidiary/ Equity Accounted Investment	Percentage of Voting Securities Previously Owned	Jurisdiction of Incorporation, Continuance or Formation	Functional Currency
Gastek LLC	100%	California	US
KUBGAS Holdings Limited	35%	Cyprus	US
KUB-Gas LLC	35%	Ukraine	Hryvnia
KUB-Gas Borova LLC	35%	Ukraine	Hryvnia
3P International Energy Limited	100%	Cyprus	US
3P Energy Consulting LLC	100%	Ukraine	Hryvnia
Tysagaz LLC	100%	Ukraine	Hryvnia

The Company accounted for its 35% indirect ownership in KUB Holdings and KUB-Gas as an investment in associate subject to significant influence under the equity method (Note 4).

During the year ended December 31, 2022, the Company sold its 35% interest in KUB Holdings and sold its 100% interest in 3P and its two Ukraine subsidiaries, Tysagaz and 3P Energy Consulting LLC. See Notes 4 and 5. The Company also dissolved Gastek LLC in November 2022.

The functional currency of the Company is the Canadian dollar. The presentation currency of the financial statements is the US dollar. All financial information herein is presented in US dollars and is rounded to the nearest thousand except as noted. Financial information in Canadian dollars is noted as "CAD" and financial information in Euros is noted as "€".

(c) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions, are eliminated in preparing the financial statements. Unrealized gains arising on transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(d) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(e) Use of estimates and judgments

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates. Significant estimates include:

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

2 Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

- The determination of cash-generating units (“CGU”) requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.
- Tax interpretations, regulations and legislations in the jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.
- Judgment is required to determine the functional currency of the parent and its subsidiaries. These judgments are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances, including analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.
- The Company applies judgment in assessing its ability to continue as a going concern for at least 12 months.

3 Significant accounting policies

These condensed interim financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended December 31, 2022. These financial statements should be read in conjunction with those consolidated financial statements.

4 Assets and liabilities held for sale

On September 7, 2021, the Company announced it had entered into a letter agreement to sell its 35% interest in KUB Holdings for a cash payment of \$2,600 and the settlement of debt. The settlement of debt includes the trade payable to KUB-Gas and the loan from KUB-Gas (Note 8). On February 2, 2022, the Company completed the sale of its 35% interest in KUB Holdings and received cash proceeds of \$2,600 and settled the balance of debt owing to KUB-Gas. The effective date of the transaction is November 15, 2021. The debt was settled through the repayment of the debt to KUB-Gas and simultaneous issue of dividends to the Company, net of withholding taxes. During the year ended December 31, 2021, the Company classified the 35% equity investment as an asset held for sale. The asset was \$nil at June 30, 2023 (December 31, 2022 - \$nil).

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

4 Assets and liabilities held for sale (continued)

Based on the book value of the assets disposed of on February 2, 2022, the related sales proceeds and the effect of recycling of foreign exchange, the loss on the sale of KUB Holdings was calculated to be \$18,025, related to the \$18,025 in recycling of foreign exchange as summarized below:

As at	February 2, 2022
Equity investment	\$3,028
Dividend receivable	2,046
Total net assets	5,074
Cash	2,600
Loan from KUB-Gas	2,474
Total consideration	5,074
Recycling of foreign exchange	18,025
Loss on disposal of KUB Holdings	\$ 18,025

The continuity of the Company's investment in KUB Holdings is as follows:

	\$
Investment in KUB Holdings as at January 1, 2022	-
Reversal of impairment of KUB Holdings	428
Transfer to assets held for sale	(428)
Investment in KUB Holdings as June 30, 2023 and December 31, 2022	-

The Company recorded no dividends during the six months ended June 30, 2023 (December 31, 2022 - \$2,046).

5 Discontinued operations

On August 17, 2022, the Company closed the Sale and Purchase Agreement ("SPA") for the sale of its 100% interest in 3P and its wholly-owned Ukraine subsidiaries, Tysagaz and 3P Consulting. The sale was for nominal consideration and the buyer assuming all of 3P's, Tysagaz' and 3P Consulting' liabilities. The buyer group was comprised of the Chief Financial Officer and former Chief Operating Officer of the Company. The Company received the financial benefit of 3P including the natural gas sales through to July 31, 2022.

As at July 31, 2022, 3P and its subsidiaries had the following assets and liabilities and a negative net book value of \$391. The Company has previously recorded impairments of its property, plant and equipment related to 3P and its subsidiaries in previous years. Following the sale of 3P and its subsidiaries the Company determined that its recoverable amount exceeded its carrying amount. As a result, the Company recorded a reversal of impairment of property, plant and equipment of \$391 during the year ended December 31, 2022 on the sale of 3P as detailed below.

	July 31, 2022
As at,	
Current assets	\$ 340
Current liabilities	(323)
Non-current liabilities	(408)
Reversal of impairment of property, plant and equipment	\$ (391)

The Company recorded a loss on the disposal of 3P of \$24,761 during the year ended December 31, 2022. The loss primarily related to the \$24,761 in recycling of foreign exchange translation and \$391 in a reversal of a previous years impairment charge on property, plant and equipment as per the below:

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

5 Discontinued operations (continued)

	July 31, 2022
As at	
Property, plant and equipment	\$ 391
Cash	272
Prepays	32
Inventory	31
Receivables	5
Total net assets	\$ 731
Bank loan	365
Provision for reclamation	301
Trade and other payables	65
Total consideration	\$731
Recycling of foreign exchange	24,761
Loss on disposal of 3P	\$ 24,761

The following summarizes the net income or loss from discontinued operations for the respective periods related to 3P which was divested during the three months ended March 31, 2023 and 2022.

Six months ended June 30,	2023	2022
	\$	\$
Revenue from gas sales	-	824
Royalty expense	-	(405)
Revenue, net of royalty	-	419
Operating expenses		
Selling and general administrative expenses	-	397
Cost of gas sales	-	122
Accretion of decommissioning obligation	-	26
Finance income, net of losses	-	17
	-	562
Loss from discontinued operations	-	143

The reclassification of foreign currency translation relates to the accumulated revaluation of the Company's assets and liabilities denominated in currencies outside of the US dollar in accordance with the Company's accounting policy for the translation of its former subsidiaries.

6 Supplemental cash flow information

Six months ended June 30,	2023	2022
	\$	\$
Cash flows relating to:		
Changes in trade and other payables	(78)	171
Changes in trade and other receivables	-	(166)
Changes in prepaid expenses and inventory	-	(13)
Changes in dividend receivable (Note 4)	-	2,046
	(78)	2,038

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

7 Shareholder loan

Pelicourt Limited (“Pelicourt”) is a shareholder of the Company. During 2014, Pelicourt loaned the Company the principal sum of \$2,000 with an interest rate of 12% paid quarterly. In May 2020, \$200 of the principal was repaid and the interest rate was reduced to 10.8%. In January 2021, the Pelicourt loan was extended to March 31, 2024 at the same 10.8% interest rate with a repayment of \$150 per quarter. During the year ended December 31, 2022, the Company made principal payments of \$900 (2021 - \$900) which repaid the loan in full. The principal balance of the Pelicourt loan at March 31, 2023 was \$nil (December 31, 2022 - \$900). During the six months ended June 30, 2023, the Company recorded interest of \$nil (2022 - \$8). A summary of the shareholder loan is presented below.

	Shareholder Loan
January 1, 2022	\$949
Accrued interest	8
Principal repayment	(900)
Interest payment	(57)
December 31, 2022 and June 30, 2023	\$ -

8 Loan from Kub-Gas and discontinued operations

During the year ended December 31, 2016, the Company’s Ukraine subsidiaries, Tysgaz and 3P Consulting, entered into unsecured, non-interest bearing loan agreements with KUB-Gas, whereby KUB-Gas agreed to lend approximately 172,500 UAH for general working capital. During the year ended December 31, 2018, the Company repaid 30,000 UAH, during the year ended December 31, 2021 repaid 75,000 UAH and during the year ended December 31, 2022, the remaining balance of 67,500 UAH was repaid in full. See Note 4.

9 Bank loan guarantee and discontinued operations

Loan

During the year ended December 31, 2021, the Company’s subsidiary, Tysgaz, entered into a loan agreement with a Ukraine bank for €650 (\$793). The loan bears interest at 7.5%, will mature in November 2023 and is secured by the Jenbacher power generation units and a general guarantee by the Company. During the year ended December 31, 2022, the Company repaid \$160 (2021 - \$164) in principal and paid \$21 (2021 - \$31) in interest. This loan was assumed by the buyer of 3P. The Ukraine bank released the Company of the guarantee in conjunction with the sale. See Note 5. A summary of the shareholder loan is presented below.

Bank Loan	
Carrying value, January 1, 2022	\$ 577
Principal repayments	(139)
Interest payment	(21)
Currency translation adjustment	(52)
Loan assumed by the purchaser of 3P International (Note 5)	(365)
Carrying value, December 31, 2022 and June 30, 2023	\$ -

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

10 Share capital and share-based payments

(a) Share capital

Issued shares

During the six months ended June 30, 2023:

In May 2023, the Company closed a private placement financing which consisted of 4,166,667 common shares at a price of CAD \$0.12 per share for gross proceeds of \$368 (CAD \$500).

During the year ended December 31, 2022:

On December 30, 2022, the Company completed a share consolidation on the basis of one (1) new share for every three hundred (300) old shares. All share, share option and per share amounts in these consolidated financial statements have been adjusted to give retroactive effect to the stock consolidation.

Preferred share redemption and special distribution

On December 30, 2022, the Company completed the reorganization of the Company's share capital to permit the Company to pay a Special Distribution of CAD \$9.00 per share (CAD\$0.03 per share pre-share consolidation) cash to shareholders of record as at December 23, 2022 which totaled approximately \$6,900. In connection with the Special Distribution, the Company filed articles of amendment which created a new class of shares called Class B Common Shares and a class of Preferred Shares and effected an exchange of the existing Company common shares for new Class B Common Shares and Preferred Shares on the basis of one Class B Common Share and one Preferred Share for every Company common share currently outstanding. The Preferred Shares were immediately redeemed, in accordance with a notice from the Company provided by way of a news release issued on December 30, 2022, in exchange for the Special Distribution. The Preferred Share Redemption was treated as a reduction in the share capital of the Company and was payable to shareholders as at December 30, 2022. During the six months ended June 30, 2023, the Special Distribution was paid to shareholders of record.

(b) Stock options

The Company has a stock option plan under which it is authorized to grant options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares. The term of options under the plan shall not exceed 10 years, have an exercise price not less than the current market price and may be subject to vesting terms as determined by the board of directors. The continuity and schedule of the stock options is presented below:

	Number of Options	Weighted Average Exercise Price (CAD)
		\$
Balance, January 1, 2022	28,666	24.00
Options forfeited	(16,333)	22.00
Balance, December 31, 2022 and June 30, 2023	12,333	24.00

Number of Options	Weighted Average Exercise Price	Expiry Date
	\$	
12,333	24.00	December 7, 2026
12,333		

The weighted average life of options outstanding at June 30, 2023 was 3.44 years.

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

11 Loss per share

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Numerator:				
Loss from continuing operations - basic and diluted	172	111	229	611
Loss from discontinuing operations - basic and diluted	-	110	-	143
Loss for the period - basic and diluted	172	221	229	754
Denominator (in 000's)				
Weighted average shares – basic and diluted	3,154	1,047	2,106	1,047
Basic and diluted loss per share from continuing operations	(0.05)	(0.11)	(0.11)	(0.58)
Basic and diluted loss per share from discontinuing operations	-	(0.11)	-	(0.14)
Basic and diluted loss per share	(0.05)	(0.21)	(0.11)	(0.72)

12 Selling and general administrative expenses

The selling and general administrative expenses presented represent the continuing operations for the respective periods.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries (Note 15)	2	21	8	264
Consulting fees (Note 15)	157	63	181	159
Office and administration expenses	10	20	52	42
Professional fees	3	32	18	60
Travel	-	-	-	6
	172	136	259	531

13 Operating segments

The Company operated in one reportable segment in the oil and gas industry. All revenue in 2022 was earned in Ukraine and the Company divested all its oil and gas investments during the year ended December 31, 2022.

14 Related party transactions

Transactions with related parties are incurred in the normal course of business. During the six months ended June 30, 2023 and year ended December 31, 2022, there were no related party transactions other than the shareholder loan, the sale of 3P and the transactions with KUB Holdings and KUB-Gas (Notes 5, 7, 8 and 12).

Carcetti Capital Corp.
For the three and six months ended June 30, 2023 and 2022
Notes to the condensed interim financial statements
(Unaudited, expressed in thousands of US dollars)

15 Key management compensation

Key management personnel include executive officers and non-executive directors. Executive officers are compensated and may participate in the Company's stock option and RSU plans. Non-executive directors also may participate in the Company's stock option and RSU plans. Key management personnel compensation is comprised of the following and included both the continued and discontinued operations:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Directors' fees ⁽¹⁾	1	21	9	43
Consulting fees ⁽¹⁾	125	54	149	90
Management wages ⁽¹⁾	-	54	-	128
Bonus ⁽¹⁾⁽²⁾	-	-	-	251
	126	75	158	512

(1) These amounts are included in salaries and consulting fees within selling and general administrative expenses in continued and discontinued operations.

(2) The Company recorded \$nil in bonuses to management during the six months ended June 30, 2023 (June 30, 2022 - \$251). The 2022 bonuses were paid as part of an incentive and retention strategy for the asset divestitures and debt reduction that occurred in conjunction with the closing of the KUB Holdings sale on February 2, 2022. See Note 4.

As at June 30, 2023, \$nil (December 31, 2022 - \$nil) was included in trade and other payables owing to officers and directors of the Company for accrued compensation during the six months ended June 30, 2023.

16 Financial instruments

The Company's financial instruments consist of cash, trade and other receivables (excluding sales tax), trade and other payables and preferred share redemption payable. The fair values of financial instruments other than cash approximate their carrying values. Trade and other receivables, trade and other payables and preferred share redemption payable approximate fair value due to the short term nature of the accounts.

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The following table summarizes the carrying values of the Company's financial instruments:

- (i) Cash
- (ii) Trade and other receivables (excludes sales tax)
- (iii) Trade and other payables and preferred share redemption payable

	June 30, 2023	December 31, 2022
	\$	\$
Fair value through profit or loss (i)	301	7,190
Liabilities - amortized cost (iii)	14	6,992

Carcetti Capital Corp.**For the three and six months ended June 30, 2023 and 2022****Notes to the condensed interim financial statements**(Unaudited, expressed in thousands of US dollars)

16 Financial instruments (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at June 30, 2023				
Cash	301	-	-	301
As at December 31, 2022				
Cash	7,190	-	-	7,190