MONITOR VENTURES INC.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Monitor Ventures Inc.

Opinion

We have audited the accompanying financial statements of Monitor Ventures Inc. (the "Company"), which comprise the balance sheets as at December 31, 2022 and 2021, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Company has incurred negative operating cash flows since inception and has a working capital deficit and shareholders' deficiency of $789,346. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

February 21, 2023

MONITOR VENTURES INC.
BALANCE SHEETS
IN CANADIAN DOLLARS

	December 31, 2022	December 31, 2021
	$	$
ASSETS		
Current assets		
Cash	**846**	5,970
Total assets	**846**	5,970
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 7)	**494,728**	491,990
Loans payable (Notes 5 and 7)	**295,464**	257,651
Total liabilities	**790,192**	749,641
Shareholders' deficiency		
Share capital (Note 6)	**30,538,998**	30,538,998
Deficit	**(31,328,344)**	(31,282,669)
Total shareholders' deficiency	**(789,346)**	(743,671)
Total liabilities and shareholders' deficiency	**846**	5,970

Basis of presentation and continuance of operations (Note 2)

Event subsequent to the reporting date (Note 12)

On behalf of the Board:

Signed: "William Radvak" Director

Signed: "Brian E. Bayley" Director

MONITOR VENTURES INC.
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
IN CANADIAN DOLLARS

	For the Years Ended December 31,	
	2022	2021
	$	$
General and administrative expenses:		
Transfer agent, listing, filing and shareholder information fees	**23,303**	23,566
Audit and legal services	**19,379**	15,845
Interest on loans payable (Notes 5 and 7)	**2,813**	2,352
Office and administrative services	**180**	162
Total general and administrative expenses	**(45,675)**	(41,925)
Gain on derecognition of accounts payable and accrued liabilities (Note 4)	**-**	226,515
Foreign exchange gain	**-**	552
Net (loss) income and comprehensive (loss) income	**(45,675)**	185,142
Basic and diluted (loss) income per share (Note 11)	**(0.02)**	0.06

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

MONITOR VENTURES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
IN CANADIAN DOLLARS

	Share Capital	Equity Reserves	Deficit	Total
	$	$	$	$
Balance, December 31, 2020	30,538,998	3,905,996	(35,373,807)	(928,813)
Reclassification (Note 6)		(3,905,996)	3,905,996	-
Net income for the year	-	-	185,142	185,142
Balance, December 31, 2021	30,538,998	-	(31,282,669)	(743,671)
Net loss for the year	-	-	(45,675)	(45,675)
Balance, December 31, 2022	**30,538,998**	**-**	**(31,328,344)**	**(789,346)**

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

IN CANADIAN DOLLARS

	For the Years Ended December 31,	
	2022	2021
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss) income	**(45,675)**	185,142
Items not involving cash:		
Accrued interest on loans payable	**2,813**	2,352
Gain on derecognition of accounts payable and accrued liabilities	**-**	(226,515)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	**2,738**	(3,058)
Net cash used in operating activities	**(40,124)**	(42,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	**35,000**	45,000
Net cash from financing activities	**35,000**	45,000
Change in cash for the year	**(5,124)**	2,921
Cash, beginning of year	**5,970**	3,049
Cash, end of year	**846**	5,970

Supplemental Cash Flow Information

There were no non-cash investing or financing activities during the years ended December 31, 2022 and 2021.

1. NATURE OF OPERATIONS

Monitor Ventures Inc. (the "Company") currently has no commercial operations and has a significant working capital deficiency owing to liabilities arising from previous commercial activities. In recent years it has improved its financial position by way of loans from shareholders and directors, the sale of assets, debt forgiveness and the issuance of shares for debt, but it requires additional financing to remain a going concern (Note 2) and to pursue new operating activities.

On May 16, 2022, the Company continued into British Columbia from the Jurisdiction of Canada and is incorporated under the *Business Corporations Act (British Columbia)*. The Company's registered office is located at Suite #704, 595 Howe St., Vancouver, British Columbia, V6C 2T5.

The Company's shares currently trade on the NEX tier of the TSX-Venture Exchange (the "Exchange") under the symbol "MVI.H". While it has not yet implemented these steps and may never, the Company has shareholder approval to take the following actions to facilitate a longer-term reorganization:

i. issue more than 100% of its outstanding shares in any 12-month period; and
ii. delist its shares from the Exchange, subject to the further discretion of the Company's board of directors.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic, which continues to spread globally. Having no commercial operations, the COVID-19 pandemic has not had a significant impact on the Company's routine operations or on the carrying value of its assets. However, the pandemic's effect on broader capital markets may hinder the Company's ability to enter new commercial operations or raise additional financing.

2. BASIS OF PRESENTATION AND CONTINUANCE OF OPERATIONS

Statement of compliance

These financial statements, including comparative periods, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared in accordance with IFRS in effect as at December 31, 2022. Significant accounting policies and the applicable basis of measurement used in the preparation of these financial statements are described in Note 3.

These financial statements were authorized by the Board of Directors on February 21, 2023.

2. BASIS OF PRESENTATION AND CONTINUANCE OF OPERATIONS (continued)

Going concern

These financial statements have been prepared on the assumption that the Company is a going concern. However, the Company has incurred negative operating cash flows since its incorporation and, as at December 31, 2022, the Company has a working capital deficit and shareholders' deficiency of $789,346 (December 31, 2021 - $743,671). Without operating cash flows, the Company will be required to raise additional financing to sustain its operations.

In recent years, the Company has been unable to raise the amounts required to fund its operations in equity markets and has relied on loans and asset disposals to fund the general and administrative expenses required for a publicly-traded entity. As a result of the Company's current financial position and challenging access to capital, there can be no assurance that the Company will be able raise additional funds in the future, in which case the Company may be unable to meet its financial obligations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are those policies which the Company has applied for its financial statements for the years ended December 31, 2022 and 2021. These policies have been applied to all periods presented in these financial statements.

Basis of measurement and presentation currency

The balances in these financial statements are prepared using the accrual basis of accounting and have been measured on a historical cost basis, except for cash flow information and financial instruments measured at fair value.

Unless otherwise indicated, these financial statements are presented in Canadian dollars.

Foreign currency translation

Balances and transactions that are denominated in currencies other than the functional currency are translated to the functional currency as follows:

- Revenue and expense items are translated at the foreign exchange rates prevailing on the dates they occur.
- Non-monetary assets and liabilities are translated at historical foreign exchange rates, unless such items are carried at market value, in which case they are translated at the exchange rate in effect at period end.
- Monetary assets and liabilities are translated at the foreign exchange rate in effect at period end.

Gains and losses arising from changes to the exchange rates used to translate foreign-denominated balances and transactions into the functional currency are recorded as a component of profit or loss in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
ii) those to be measured at amortized cost.

Financial assets

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income.

The Company has classified its financial assets as follows:

- Cash is measured at fair value with changes to fair value after initial recognition being recorded in profit or loss for the period in which they occur.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

Financial liabilities

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit or loss are recorded in other comprehensive income.

The Company's financial liabilities include accounts payable, accrued liabilities and loans payable, all of which are measured at amortized cost using the effective interest rate method. Interest expense, where material, is recorded in profit or loss.

The Company derecognizes a financial liability when the liability is extinguished by way of discharge, cancellation or expiry of statutory collection periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and deferred income taxes

Current taxes receivable or payable are estimated on taxable income for the current period at the statutory tax rates enacted or substantively enacted on the balance sheet date.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in earnings or equity in the period of substantive enactment.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized.

Share-based compensation

Stock options

The Company recognizes a share-based compensation charge in profit or loss for stock options granted to employees, officers and directors of the Company, as well as to external consultants. The share-based compensation charge is based on the fair value of option awards granted, measured using the Black-Scholes option pricing model at the date of issue. The fair value of stock options granted is amortized to expense on a graded basis over the vesting periods of the option granted with an off-setting amount recorded in equity reserves. Any expense recorded for options that are forfeited because non-market vesting conditions are not satisfied is reversed in the period in which forfeiture occurs.

Warrants

Warrants issued by the Company as compensation for services received are measured using the Black-Scholes option pricing model and are recorded in share capital as a share issuance cost with an off-setting amount recorded in equity reserves. Warrants issued as part of a share unit are valued at their residual value which is measured as the incremental difference between the value of the combined share and warrant unit and the fair value of the stand-alone shares. The value attributed to warrants is recorded as a component of equity reserves.

When stock options and warrants are exercised, the related fair value is reclassified from equity reserves to share capital. The Company has adopted a policy to reclassify the fair value of expired stock options and warrants from equity reserves to other components of shareholders' deficiency.

Income or loss per share

Basic income or loss per share is calculated using the weighted-average number of shares outstanding during the period. Diluted income per share reflects the dilutive effect of options, warrants and other convertible instruments. Under this method, the dilutive effect on earnings per share reflects the assumption that the proceeds from the exercise of options, warrants and other convertible instruments are used to purchase and cancel common shares at the average market price during the period. In periods that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgments, estimates and measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Although these estimates are based on management's expectations for the likely outcome, timing and amounts of events or transactions, actual results may differ from these expectations and the corresponding amounts and disclosures reported in these financial statements.

Those estimates and judgments considered most significant are as follows:

Going concern

The Company's financial statements have been prepared on the assumption that the Company will continue on a going concern basis. However, the Company has incurred negative operating cash flows since its incorporation and, as at December 31, 2022, the Company has a working capital and shareholders' deficiency of $789,346.

In recent years, the Company has relied on loans to fund the general and administrative expenses required for a publicly-traded entity. While the Company expects to receive additional loans to fund its operations for the next 12 months, there is no assurance that the Company will raise sufficient funding to meet its longer-term financial obligations and to pursue new commercial activities. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Gains on derecognition of amounts payable and accrued liabilities

The Company recognizes gains on the derecognition of amounts payable and accrued liabilities for amounts that are significantly past due. The recognition of such gains requires judgment based on factors such as the age of such amounts, statutes of limitation for debt collection and the time elapsed since the most recent contact with creditors.

Taxation

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In the year ended December 31, 2022, the Company recognized a $nil (2021 - $226,515) gain on the write-off and derecognition of accounts payable and accrued liabilities related to certain long-outstanding balances for which the statutory period for collection passed. The Company's remaining liabilities comprise amounts payable to certain related parties (Note 7) and amounts owing for ongoing operations which are payable on typical trade terms.

EXPRESSED IN CANADIAN DOLLARS

5. LOANS PAYABLE

As at December 31, 2022, the Company owes a principal balance of $280,000 under promissory notes that are due on demand and which accrue interest at a rate of 1% per annum. Changes to the carrying value of loans payable are as follows:

	Carrying Value
	$
Principal and accrued interest, December 31, 2020	210,299
Loans received	45,000
Accrued interest	2,352
Principal and accrued interest, December 31, 2021	257,651
Loans received	35,000
Accrued interest	2,813
Principal and accrued interest, December 31, 2022	**295,464**

Some loans were received from parties related to the Company and are further described in Note 7.

6. SHAREHOLDERS' DEFICIENCY

Share capital

Authorized

Unlimited number of common voting shares with no par value.

Issued and outstanding

As at and during the years ended December 31, 2022 and 2021, the Company had 2,930,058 common voting shares issued and outstanding.

Stock options

The Company adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the requirements of the Exchange, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms are determined by the Board of Directors at the time of grant.

As at December 31, 2022, the stock option plan is suspended and while no options can be granted until the plan is reinstated, and no stock options were issued and outstanding at any time during the years ended December 31, 2022 or 2021.

During the year ended December 31, 2021, the Company reclassified $3,905,996 from equity reserves to deficit. This reclassification represents the fair value of expired stock options and warrants. Following this reclassification, the remaining equity reserves balance of $nil is consistent with the Company having no stock options or warrants outstanding as at December 31, 2021.

EXPRESSED IN CANADIAN DOLLARS

7. RELATED PARTY TRANSACTIONS

The Company is party to a corporate and administrative services agreement with Earlston Management Corp. ("Earlston"), whereby Earlston provides key management, corporate, and administrative services to the Company, and has certain directors and officers in common, resulting in the two entities being related. As a result of the Company's financial position, Earlston did not charge the Company for services during the years ended December 31, 2022 or 2021. As at December 31, 2022, $164,258 is included in accounts payable and accrued liabilities (December 31, 2021 - $161,472) for amounts owing to Earlston, which includes sundry expenses paid for by Earlston on the Company's behalf in addition to those for management, corporate and administrative services charged prior to 2021.

Included in accounts payable and accrued liabilities as at December 31, 2022 is $295,000 (December 31, 2021 - $295,000) owing to Bill Radvak, the Chief Executive Officer ("C.E.O.") of the Company for salaries and benefits outstanding for periods prior to 2021, and $5,395 (December 31, 2021 - $5,395) for travel and office expense claims. As a result of the Company's financial position, salaries payable to Mr. Radvak were suspended during the years ended December 31, 2022 and 2021.

As at December 31, 2022, loans payable includes $80,938 (December 31, 2021 - $45,249) owing to certain directors and an officer of the Company, the terms of which are described in Note 5. This amount includes $35,000 in loans received and $689 in interest accrued during the year ended December 31, 2022 and $45,000 in loans received and $249 in interest accrued during the year ended December 31, 2021.

8. INCOME TAXES

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

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	$	$
(Loss) income before taxes	**(45,675)**	185,142
Expected income tax (recovery) expense at statutory tax rates	**(12,000)**	50,000
Changes in unrecognized deductible temporary differences	**12,000**	(50,000)
Total income tax expense	**-**	-

The significant components of the Company's deferred tax assets that have not been included on the balance sheets are as follows:

	December 31, 2022	December 31, 2021
	$	$
Deferred tax assets:		
Capital losses	**3,499,000**	3,499,000
Non-capital losses	**3,132,000**	3,120,000
Total deferred tax assets	**6,631,000**	6,619,000
Deferred tax assets not recognized	**(6,631,000)**	(6,619,000)
Net deferred tax assets	**-**	-

EXPRESSED IN CANADIAN DOLLARS

8. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the balance sheets are as follows:

	December 31, 2022	**Expiry Date Range**	December 31, 2021	Expiry Date Range
	$		$	
Allowable capital losses	**12,958,000**	**No expiry date**	12,958,000	No expiry date
Non-capital losses	**11,601,000**	**2026-2041**	11,555,000	2026-2040

The Company's effective tax rate during the years ended December 31, 2022 and 2021 as well as the substantively-enacted rate used to determine deferred tax assets as at December 31, 2022 and 2021 is 27%. Tax attributes are subject to review and potential adjustment by tax authorities.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2022, the Company's financial instruments comprise cash, accounts payable and accrued liabilities, and loans payable. Except for cash, all financial instruments held by the Company are measured at amortized cost. The fair values of financial instruments measured at amortized cost approximate their carrying value due to their short-term maturities. Fair values of financial instruments measured at fair value are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are 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.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash	846	**-**	**-**

The Company is exposed to certain risks to the carrying values of its financial instruments, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

Following the derecognition of accounts payable and accrued liabilities during the year-ended December 31, 2021, the Company has no material financial instruments denominated in currencies other than the Canadian dollar. As a result, the Company is not exposed to currency risk as at December 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a working capital deficiency as at December 31, 2022 and additional financing is required for the Company to settle its existing obligations and fund future obligations. As such, the Company is exposed to liquidity risk.

EXPRESSED IN CANADIAN DOLLARS

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have future exposure to these market risks.

10. CAPITAL MANAGEMENT

The Company manages its capital, which comprises the components of shareholders' deficiency, and adjusts it based on the funds available to the Company and operational requirements. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will require additional financing to settle outstanding debt and to maintain operations as a reporting issuer. The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to managing capital during the year ended December 31, 2022.

11. INCOME (LOSS) PER SHARE

The numerators and denominators of basic and diluted income (loss) per share for the years ended December 31, 2022 and 2021 are as follows:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Net (loss) income - numerator	**$(45,675)**	$185,142
Basic and diluted weighted average number of common shares outstanding - denominator	**2,930,058**	2,930,058
Basic and diluted (loss) income per share	**$(0.02)**	$0.06

12. EVENT SUBSEQUENT TO THE REPORTING DATE

On January 30, 2023, the Company received a $20,000 loan from the C.E.O. of the Company under a promissory note that is payable on demand and which accrues interest at a rate of 1% per annum.