

THE INX DIGITAL COMPANY, INC.
(FORMERLY - VALDY INVESTMENTS LTD.)

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

(IN CANADIAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of

THE INX DIGITAL COMPANY INC (FORMERLY - VALDY INVESTMENTS LTD.)

Opinion

We have audited the financial statements of The INX Digital Company Inc. (Formerly - Valdy Investments Ltd.) ("the Company"), which comprise the statements of financial position as of December 31, 2021, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year 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 is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as of December 31, 2020, and for the year then ended were audited by another auditor who expressed an unmodified opinion on those financial statements on February 4, 2021.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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



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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated 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 auditors' report is Mr. Eli Barda.

"Kost Forer Gabbay & Kasierer"

Tel-Aviv, Israel
May 2, 2022

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

Canadian dollars

		December 31,	
	Note	2021	2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		637,967	425,298
Total assets		637,967	425,298
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		219,309	22,648
Total current liabilities		219,309	22,648
EQUITY:			
Share capital	3	1,055,579	548,120
Equity reserves	3	-	75,846
Accumulated deficit		(636,921)	(221,316)
Total equity		418,658	402,650
Total liabilities and equity		637,967	425,298

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

May 2, 2022	<i>“David Weild”</i>	<i>“Shy Datika”</i>	<i>“Gadi Levin”</i>
Date of approval of the financial statements	David Weild Chairman of the Board	Shy Datika Chief Executive Officer	Gadi Levin Chief Finance Officer

STATEMENTS OF COMPREHENSIVE LOSS

Canadian dollars

	<u>Note</u>	<u>Year ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Professional fees		360,254	36,639
Share-based payment	3	30,094	-
Transfer agent and filing fees		<u>25,257</u>	<u>12,682</u>
Loss and total comprehensive loss		<u>415,605</u>	<u>49,321</u>
Loss per share, basic and diluted		<u>0.13</u>	<u>0.03</u>
Weighted average number of shares outstanding, basic and diluted (retroactively adjusted to reflect share consolidation – see Note 7a)		<u>3,227,802</u>	<u>1,650,367</u>

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

STATEMENTS OF CHANGES IN EQUITY

Canadian dollars

	Common shares		Reserve from share based payment	Accumulated deficit	Total equity
	Share	Amount			
Balance as of January 1, 2020	2,567,237	548,120	75,846	(171,995)	451,971
Loss and total comprehensive loss	-	-	-	(49,321)	(49,321)
Balance as of December 31, 2020	<u>2,567,237</u>	<u>548,120</u>	<u>75,846</u>	<u>(221,316)</u>	<u>402,650</u>
Shares issued for private placement	1,680,930	275,000	-	-	275,000
Share issuance costs	-	(2,231)	-	-	(2,231)
Share-based payment	-	-	30,094	-	30,094
Shares issued for exercise of options	421,760	209,690	(105,940)	-	103,750
Shares issued for exercise of warrants	91,687	25,000	-	-	25,000
Cancellation of escrow shares	(1,155,257)	-	-	-	-
Loss and total comprehensive loss	-	-	-	(415,605)	(415,605)
Balance as of December 31, 2021	<u>3,606,357</u>	<u>1,055,579</u>	<u>-</u>	<u>(636,921)</u>	<u>418,658</u>

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

STATEMENTS OF CASH FLOWS

Canadian dollars

	Year ended December 31,	
	2021	2020
<u>Net cash flows from operating activities:</u>		
Loss for the period	(415,605)	(49,321)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based payment	30,094	-
Accounts payable and accrued liabilities	196,661	13,795
Net cash used in operating activities	<u>(188,850)</u>	<u>(35,526)</u>
<u>Net cash flows from financing activities:</u>		
Proceeds from issuance of shares, net of share issuance costs	401,519	-
Net cash provided by financing activities	<u>401,519</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	212,669	(35,526)
Cash and cash equivalents at the beginning of the year	425,298	460,824
Cash and cash equivalents at the end of the year	<u>637,967</u>	<u>425,298</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 1: GENERAL

a. General description of the Company and its operations

The INX Digital Company, Inc. (formerly - Valdy Investments Ltd.) (the "Company") was incorporated under the provincial *Business Corporations Act* (British Columbia) on August 22, 2018 and its registered office is at 4619 West 3rd Avenue, Vancouver, BC V6R 1N5. The Company completed its initial public offering ("IPO") during fiscal 2019 and is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company changed its name to its current name on January 10, 2022.

The principal business of the Company was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein ("Qualifying Transaction"). The purpose of such an acquisition was to satisfy the related conditions of a Qualifying Transaction under the Exchange rules.

The Company entered into a definitive securities exchange agreement (the "Original Securities Exchange Agreement") dated March 31, 2021 with INX Limited ("INX"), a company incorporated under the laws of Gibraltar and the securityholders of INX (the "INX Securityholders"), whereby the Company proposed to acquire all of the issued and outstanding securities of INX (the "Transaction"). The Original Securities Exchange Agreement was amended by the Company, INX, PI Financial Corp. and Eight Capital entering into an Amendment to the Securities Exchange Agreement dated as of July 23, 2021 (the "Amendment", and together with the Original Securities Exchange Agreement, the "Amended Agreement") to, among other things, extend the deadline for completion of the Transaction to January 24, 2022, subject to possible earlier termination. Subsequently, the Company, INX, PI Financial Corp. and Eight Capital entered into an Amended and Restated Securities Exchange Agreement dated as of November 3, 2021 (the "Amended and Restated Securities Exchange Agreement") which replaced and superseded the Amended Agreement.

Following entry into the Original Securities Exchange Agreement, the Company engaged with and made submissions to the Exchange with respect to the previously disclosed proposed Qualifying Transaction with INX. Following discussions with the Exchange, the Company was not able to complete the proposed Qualifying Transaction on the Exchange. Accordingly, the Company entered into the Amended and Restated Securities Exchange Agreement and the Company applied to voluntarily delist its common shares from the Exchange, written consent from the majority of the minority shareholders of the Company and approval of the Exchange was obtained.

The Company received conditional approval from the Neo Exchange Inc. ("Neo Exchange") on December 31, 2021, to list the combined entity (the "Resulting Issuer") shares. On January 10, 2022, the Company completed the Transaction with INX, whereby INX become a wholly-owned subsidiary of the Company. The Transaction resulted in a reverse takeover transaction with the current shareholders of INX controlling the Company. The Resulting Issuer will continue the business of INX, being creation of a global regulated hub for digital assets on the blockchain, offering technology and related services for both primary and secondary markets. On January 22, 2022, the Company's shares started to trade on the NEO exchange. See also Note 7.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 1: GENERAL (Cont.)

b. COVID – 19

In early 2020, an outbreak of the novel strain of a coronavirus, which causes a disease named COVID-19, spread worldwide. As a result of the coronavirus pandemic, governments and industries have instituted drastic actions to contain the coronavirus or treat its impact. Such actions, including bans on international and domestic travel, quarantines, and prohibitions on accessing work sites, have caused significant disruptions to global and local economies, and have led to dramatic volatility in the capital markets.

The extent to which the coronavirus pandemic impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Factors that may result in material delays and complications with respect to the Company's business, financial condition and results of operation include the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in these financial statements for the periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements have been prepared on a cost basis.

b. Functional and presentation currencies:

The presentation currency of the financial statements is the Canadian dollar, which is also the functional currency.

c. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Company's cash management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Share-based payment transactions:

The Company's employees are entitled to remuneration in the form of equity-settled share-based payment transactions.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined Black-Scholes option pricing model. See Note 4(d).

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

e. Loss per share:

Loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted number of common shares outstanding during the period.

Potential common shares (warrants and options) are included in the computation of diluted earnings per share when their conversion has a dilutive effect. Potential common shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Company has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

a. Judgments:

Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

- b. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the reported amounts of assets, liabilities and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

NOTE 4: EQUITY

- a. In connection with the Transaction (see Note 1(a)), on January 10, 2022 the Company consolidated its Commonshares on a 2.7266667:1 basis (the “Consolidation”). All share amounts and per share data were retroactively adjusted in these financial statements to reflect the Consolidation.

Authorized:

Common shares with no par value – unlimited.

Preferred shares with no par value – unlimited.

- b. In the period from January 1, 2021 through December 31, 2021, Common shares of the Company were issued and outstanding as follows:

1. Year ended December 31, 2020:

No share capital transactions for the year end December 31, 2020.

2. Year ended December 31, 2021:

On February 5, 2021, the Company completed a private placement, pursuant to which the Company issued 1,680,930 Common shares at \$0.16 per share for total proceeds of \$275,000. The Company paid \$2,231 in cash as share issuance costs relating to the private placement.

On April 27, 2021, the Company issued 91,687 Common shares for warrants exercised for gross proceeds of \$25,000.

On April 27, 2021, the Company issued 421,760 Common shares for stock options exercised for gross proceeds of \$103,750.

On November 12, 2021, the Company’s escrow agreement was amended and an aggregate of 183,374 shares held by arm’s length parties were released from escrow.

On November 16, 2021, the Company voluntarily delisted from the Exchange in connection with the Transaction (See Note 1(a)). In connection with the delisting, an aggregate of 1,155,257 shares held by non-arm’s length parties were cancelled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 4: EQUITY (Cont.)

c. Escrow agreement:

The Company has 916,870 Common shares subject to an escrow agreement as at December 31, 2020, whereby 10% of the shares will be released from escrow upon the completion of the Qualifying Transaction. An additional 15% of the escrowed Common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction. Escrowed shares may be subject to cancellation if the Qualifying Transaction is not completed.

According to the escrow agreement, the Common shares issued for stock options which were exercised on April 27, 2021, in total of 421,760 are subject to escrow.

According to the amendment of the Company's escrow agreement on November 12, 2021, an aggregate of 183,374 shares held by arm's length parties were released from escrow.

On November 16, 2021 the Company ceased to be a Capital Pool Company (as defined in Exchange policy), and all the escrowed securities (1,155,257) were cancelled in accordance with Exchange policy and the Company's escrow agreement.

As at December 31, 2021 the Company has no common shares subject to an escrow agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 4: EQUITY (Cont.)

- d. Share-based payments:

Stock Option Plan

The Company has a rolling stock option plan (“the Plan”) which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the Exchange. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

Common shares issued upon the exercise of options held by officers and directors were subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. See Note 4(c).

The share-based payment transactions entered into between the Company and its employees are described below. There have been no modifications or cancellations to any of the employee benefit plans during 2021 or 2020.

Movement during the year:

During the year ended December 31, 2021, the following transactions relating to stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance December 31, 2020	256,724	0.27
Granted	165,037	0.22
Exercised	(421,760)	0.25
Balance, December 31, 2021	-	-

During the year ended December 31, 2021, the Company issued 165,037 fully-vested stock options to officers and directors (being key management personnel) of the Company with an exercise price of \$ 0.20 per share, at a fair value of \$30,094. The weighted average fair value per option was \$ 0.19. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 0.99%, a forfeiture rate of 0%, and volatility of 100%.

As of December 31, 2021, no stock options were outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 4: EQUITY (Cont.)

During the year ended December 31, 2021, the following transactions related to stock warrants:

	<u>Number of Warrants</u>	<u>Weighted average exercise price</u>
Balance, December 31, 2020	91,687	0.27
Granted	-	-
Exercised	<u>(91,687)</u>	<u>0.27</u>
Balance, December 31, 2021	<u>-</u>	<u>-</u>

As of December 31, 2021, no share purchase warrants were outstanding.

NOTE 5: CAPITAL DISCLOSURES

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete the Transaction. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end.

NOTE 6: FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

Credit Risk

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 6: FINANCIAL RISK MANAGEMENT (Cont.)*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had a cash balance of \$637,967 to pay liabilities of \$219,309.

NOTE 7: SUBSEQUENT EVENTS

- a. On January 10, 2022 the Company acquired all of the issued and outstanding securities of INX from the INX Securityholders by way of a securities exchange as follows:
 1. The Company issued to the former shareholders of INX 167,331,410 post-Consolidation common shares on a partially diluted basis, reflecting the exercise of the INX Legacy Warrants (as defined below).
 2. The holders of 10,381,959 outstanding options to purchase INX shares (each, an "INX Option") have surrendered for cancellation each INX Option held by them, and for each INX Option surrendered, the Company issued to such holder an option to acquire a post-Consolidation share (each, a "Consideration Option") having terms equivalent to the surrendered INX Option with respect to vesting conditions and expiry date, and adjusted pursuant to the conversion ratio (in respect of exercise price and the number of shares issuable upon exercise thereof);
 3. The holders of 7,668,591 outstanding warrants to purchase INX shares (each, an "INX Legacy Warrant") have surrendered for cancellation each INX Legacy Warrant held by them, and for each INX Legacy Warrant surrendered, the Company issued to such holder an warrant to acquire post-Consolidation shares (each, a "Consideration Warrant") having terms equivalent to the surrendered INX Legacy Warrant with respect to expiry date, and adjusted pursuant to the conversion ratio in respect of exercise price and the number of shares issuable upon exercise thereof; and
 4. Each of the warrants to purchase INX shares issued pursuant to the concurrent financing (a private placement of 31,680,000 subscription receipts, at a price of \$1.25 per receipt, in a total aggregate amount of \$39,600,000), shall, in accordance with its terms, become exercisable to purchase an equivalent number of post-Consolidation shares at the same exercise price as the INX shares to which such warrant was previously exercisable for.
- b. On closing of the Transaction dated January 10, 2022, the Company entered into five-year advisory agreements (each, an "Advisory Agreement") with James Decker and Johnny Ciampi (each, an "Advisor") which are related parties. Each Advisory Agreement will provide for the issuance of 1,000,000 immediately vesting options to purchase shares of the Company (each, an "Advisor Option") under the Company's stock option plan to the applicable Advisor, with 500,000 Advisor Options being exercisable at a price of \$1.25 per share and 500,000 Advisor Options being exercisable at a price of \$2.50 per share, and all Advisor Options expiring on the date that is five years from the closing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian dollars

NOTE 7: SUBSEQUENT EVENTS (Cont.)

- c. On January 10, 2022, the Company issued 640,000 Commons shares on a post-Consolidation basis to each of Johnny Ciampi and James Decker in exchange for past services to the Company in their respective capacities as Chief Financial Officer and Chief Executive Officer of the Company in connection with the achievement of certain milestones. Such shares will be subject to a four month hold period in accordance with Canadian securities laws.

- d. In connection with the Transaction, the Company has entered into a finder's fee agreement with Peter Hough, pursuant to which the Company has agreed to issue 238,386 Shares on a post-Consolidation basis to Mr. Hough on closing of Transaction to the approval of the Neo Exchange. On January 10, 2022 the Company issued these shares.
