HYTN INNOVATIONS INC.

(formerly Mount Dakota Energy Corp.)

<u>LISTING STATEMENT</u>

FORM 2A

February 14, 2022

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Listing Statement has been prepared in connection with the proposed listing of HYTN Innovations Inc. (the "**Issuer**") on the CSE.

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward-looking statements" about the Issuer. In addition, the Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Issuer that address activities, events or developments that the Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements in this Listing Statement may include, but are not limited to, statements regarding the future financial or operating performance of the Issuer and its subsidiaries; the Issuer's expectations with respect to future growth; the Issuer's expectations with respect to achievement of its business objectives and milestones; the Issuer's expectations and plans relating to receipt of licenses and permits; the Issuer's expectations with respect to maintaining necessary licensing to operate its business; changes in laws, regulations, guidelines and regulatory risks associated with the operations of the Issuer; requirements for additional capital; the Issuer's expectations regarding its revenue, expenses and operational costs; the Issuer's anticipated cash needs; the Issuer's expectations regarding listing on the CSE and delisting from the TSXV; the Issuer's intention to grow the business and its operations; the Issuer's ability to successfully withstand the economic impact of COVID-19; the benefits, safety, efficacy and social acceptance of its products and cannabis products in general; the availability of trained personnel and professionals; or other statements that are not statements of historical fact.

Although the Issuer believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements in this Listing Statement speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These factors and risks include, but are not limited to: HYTN's limited operating history; potential undisclosed liabilities associated with the Acquisitions; inability to manage business growth; product liability; interruptions to distribution or supply chains; product recalls; failure or difficulty in maintaining the Issuer's reporting issuer status; dependency on future financings or lack thereof; difficulty in retaining and hiring skilled personnel; legal proceedings; regulatory compliance risks; increased competition due to consolidation in the cannabis industry; human error; dependence on management; other engagements of the Issuer's directors and officers; conflicts of interest; environmental risks and other regulatory requirements; the continued impact of the COVID-19 pandemic; liquidity risks; no foreseeable return on Common Shares; market volatility; insufficient or negative analyst coverage; ability to raise additional capital; no dividends; dilution; dependence on licenses and permits; risks relating to the legalization of recreational cannabis; difficulty in quantifying the cannabis industry; and other factors beyond the Issuer's control, as more particularly described under the heading "*Risk Factors*" in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: (i) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals, including with respect to the receipt of required licenses and consents, if any; (ii) expectations and assumptions concerning the success of the operations of the Issuer; (iii) management's current expectations, estimates and assumptions about current industry opportunities; (iv) assumptions respecting the global economic environment and the market price and demand for cannabis products; and (v) the Issuer's ability to manage its business interests and operating costs.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer, and/or persons acting on its behalf may issue. The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

DEFINED TERMS

The following is a glossary of certain general terms used in this Listing Statement, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Unless otherwise indicated, all currency references are to Canadian dollars.

"**ACMPR**"	means the *Access to Cannabis for Medical Purposes Regulations* (Canada) that were issued pursuant to the CDSA as now replaced by the Cannabis Regulations under the Cannabis Act;
"**Acquisitions**"	means the HYTN Acquisition and the NumberCo Acquisition;
"**AmalCo**"	means 1306562 B.C. Ltd., a wholly-owned subsidiary of the Issuer and the resulting entity from the amalgamation of MergerCo and NumberCo pursuant to the NumberCo Amalgamation Agreement;
"**BCBCA**"	means the *Business Corporations Act*, SBC 2002, c 57;
"**Bill C-45**"	means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, introduced by the Government of Canada on April 13, 2017;
"**Board of Directors**" or "**Board**"	means the board of directors of the Issuer;
"**cannabidiol**"	means a chemical compound in the cannabis plant, which is often referred to as 'CBD';
"**Cannabis Act**"	means the *Cannabis Act*, SC 2018, c 16, as amended, which came into force on October 17, 2018;
"**Cannabis Regulations**"	means the *Cannabis Regulations*, SOR/2018-144, as amended, issued under the Cannabis Act;
"**CDSA**"	means the *Controlled Drugs and Substances Act* (Canada), as amended;
"**Closing Date**"	means on or before February 16, 2022, or such other date and time as are determined by the Issuer, NumberCo and HYTN;
"**Common Shares**"	means the issued and outstanding common shares in the capital of the Issuer, as the context requires;
"**Consolidation**"	means the Issuer's consolidation of Common Shares completed on February 16, 2021, pursuant to which 13,362,552 Common Shares were consolidated to 1,336,136 Common Shares;

"**CSE**"	means the Canadian Securities Exchange;
"**DSU**"	means a deferred share unit of the Company granted under the Omnibus Plan;
"**Elevation Technology**"	means HYTN's technology consisting of a stable emulsion from both a formulation and active ingredient perspective for its Infused Sparkling Beverages;
"**Emerald**"	means Emerald Health Therapeutics Canada Inc., a Canadian based cultivator, producer, and distributor of cannabis products;
"**HYTN**"	means HYTN Beverage Corp., the Issuer's wholly-owned subsidiary following completion of the HYTN Acquisition, a private company incorporated on October 16, 2018 under the BCBCA and headquartered in Vancouver, British Columbia, with a production facility in Kelowna, British Columbia;
"**HYTN Acquisition**"	means the acquisition of HYTN by the Issuer completed on the Closing Date in accordance with the HYTN Exchange Agreement;
"**HYTN Branded Goods**"	means the Infused Sparkling Beverages and Infused Edibles;
"**HYTN Cannabis**"	means HYTN Cannabis Inc. a private company incorporated on August 19, 2020 under the BCBCA and headquartered in Kelowna, British Columbia;
"**HYTN Exchange Agreement**"	means the Securities Exchange Agreement dated January 31, 2022 among the Issuer, HYTN and the security holders of HYTN, pursuant to which the Issuer acquired all of the issued and outstanding securities of HYTN in exchange for 15,532,000 Common Shares and 2,532,000 Warrants of the Issuer;
"**Infused Edibles**"	means HYTN's infused pectin based THC-infused edibles;
"**Infused Sparkling Beverages**"	means HYTN's four flavoured THC-infused sparkling beverages;
"**ISO Certification**"	means a certification developed and published by the International Organization for Standardization (ISO);
"**Issuer**"	means HYTN Innovations Inc. (formerly Mount Dakota Energy Corp.) following completion of the Acquisitions, a corporation continued under the BCBCA on August 7, 2015;
"**Kelowna Facility**"	means HYTN's 5,000 sq. ft. of appropriately zoned industrial that HYTN subleases from Tradan Inc. and for which HYTN has secured the necessary building permit from the City of Kelowna;
"**Listing Date**"	means the date that the Common Shares are listed on the CSE;

“**Listing Statement**”	means this listing statement of the Issuer, including the schedules hereto, prepared in support of the listing of the Common Shares on the CSE;
“**MMAR**”	means the *Marijuana Medical Access Regulations* (Canada) issued pursuant to the CDSA and since repealed;
“**MMPR**”	means the *Marijuana for Medical Purposes Regulations* (Canada) issued pursuant to the CDSA and since repealed;
“**MergerCo**”	means MMO Merger Holdings Inc., a private company incorporated on September 10, 2021 under the BCBCA, which amalgamated with NumberCo pursuant to the NumberCo Amalgamation Agreement;
“**Name Change**”	means the change of the Issuer’s name from “Mount Dakota Energy Corp.” to “HYTN Innovations Inc.” effective on the Closing Date in connection with the Acquisitions;
“**NEX**”	means the NEX board of the TSXV, on which issuers that do not meet the minimum listing standards of the TSXV may continue trading;
“**NI 52-110**”	means National Instrument 52-110 – *Audit Committees*;
“**NumberCo**”	means 1306562 B.C. Ltd., a private company incorporated on May 20, 2021 under the BCBCA;
“**NumberCo Acquisition**”	means the three-cornered amalgamation involving the Issuer, MergerCo and NumberCo pursuant to the NumberCo Amalgamation Agreement, which was completed effective the Closing Date;
“**NumberCo Amalgamation Agreement**”	means the Amalgamation Agreement dated February 14, 2022 among the Issuer, MergerCo and NumberCo, pursuant to which: (i) the Issuer acquired all of the issued and outstanding securities of NumberCo in exchange for 38,968,920 Common Shares and 24,984 Warrants of the Issuer; (ii) MergerCo and NumberCo amalgamated to form AmalCo; and (iii) AmalCo became a wholly-owned subsidiary of the Issuer;
“**NumberCo Brokers’ Warrants**”	means the 24,984 brokers’ warrants of NumberCo outstanding immediately prior to the NumberCo Acquisition, with each NumberCo Brokers’ Warrant entitling the holder thereof to acquire one common share of NumberCo at an exercise price of $0.50 per common share until September 10, 2022;
“**Omnibus Plan**”	means the omnibus equity incentive plan of the Issuer, pursuant to which the Issuer may grant Options, DSUs, RSUs, PSUs and other share-based awards;

"**Omnibus Plan Awards**"	means collectively the Options, RSUs, DSUs, PSUs and other share-based awards of the Issuer granted under the Omnibus Plan;
"**Option**"	means a stock option entitling the holder thereof to purchase one Common Share in accordance with the Omnibus Plan;
"**Private Placement**"	means the private placement of NumberCo completed in two tranches on September 10, 2021 and October 25, 2021, pursuant to which NumberCo issued 13,968,820 common shares at a price of $0.35 per share for aggregate gross proceeds of $4,889,087;
"**PSU**"	means a performance share unit of the Company granted under the Omnibus Plan;
"**Research Licence**"	means the research licence no. LIC-OO6BFAVH3G-2021 issued by Health Canada to HYTN Cannabis on June 16, 2021, which allows HYTN Cannabis (i) to possess cannabis for the purpose of research, and (ii) to produce cannabis for the purpose of research;
"**RSU**"	means a restricted share unit of the Company granted under the Omnibus Plan;
"**SEDAR**"	means the System for Electronic Document Analysis and Retrieval;
"**Standard Processing Licence**"	means the standard processing licence no. LIC-8YNO80ULJ0-2021 issued by Health Canada to HYTN on August 27, 2021 with an expiry date of August 27, 2026, which allows HYTN (i) to possess cannabis, (ii) to produce cannabis, other than obtain it by cultivating, propagating or harvesting it, and (iii) to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations;
"**tetrahydrocannbinol**" or "**THC**"	means the cannabis plant's primary component for causing psychoactive effects, which is often referred to as 'THC';
"**TSXV**"	means the TSX Venture Exchange; and
"**Warrant**"	means a warrant entitling the holder thereof to purchase one Common Share in accordance with the terms thereof.

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2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The Issuer's full corporate name is "HYTN Innovations Inc.". The Issuer's principal business address is located at 12 E 4th Ave, Vancouver, British Columbia, V5T 1E8, and its registered and records office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5. The Issuer is a reporting issuer in the Provinces of British Columbia and Alberta.

The registered and records office for AmalCo is Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5. Prior to giving effect to the Acquisitions, NumberCo and MergerCo had the same registered and records office address as AmalCo.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated on October 22, 1980 under the name "Jantar Resources Corporation". On August 7, 2015, the Issuer continued under the BCBCA. The Issuer amended its constating documents to reflect the following name changes:

Corporate Name	Dates
Jantar Resources Corporation	Incorporation (October 22, 1980) to June 5, 1991
ITP Thermal Packaging	June 5, 1991 to August 8, 1996
Stratford Ventures Ltd.	August 8, 1996 to August 29, 1997
MRC Metall Resources Corp.	August 29, 1997 to August 24, 1998
Mount Dakota Energy Corp.	August 24, 1998 to the Closing Date
HYTN Innovations Inc.	Closing Date to present

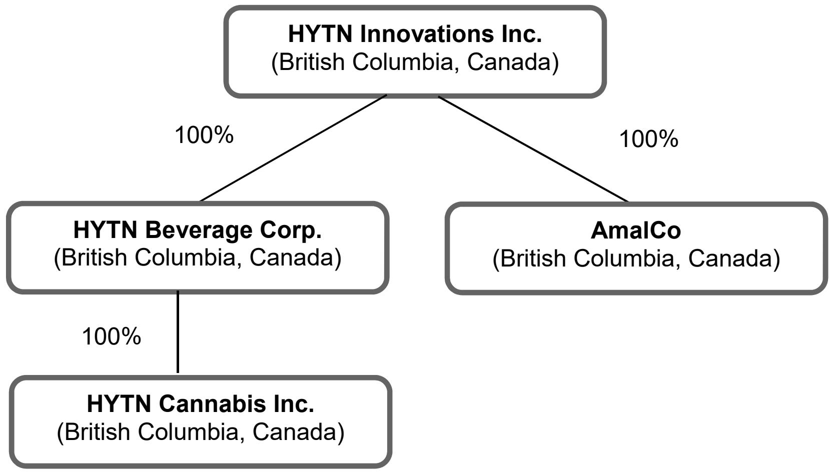
NumberCo was incorporated under the BCBCA on May 20, 2021 under the name "1306562 B.C. Ltd.". MergerCo was incorporated under the BCBCA on September 10, 2021 under the name "MMO Merger Holdings Inc.". On the Closing Date, MergerCo amalgamated with NumberCo pursuant to the BCBCA and the NumberCo Amalgamation Agreement to form AmalCo**.** See "*General Development of the Business – The NumberCo Acquisition*".

2.3 Intercorporate Relationships

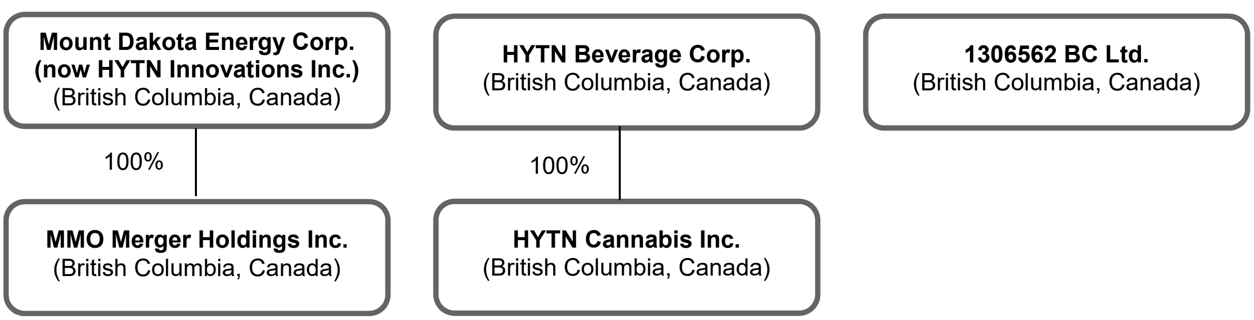
The Issuer has two wholly-owned subsidiaries, HYTN and AmalCo, two private companies incorporated under the BCBCA.

The Issuer acquired all the issued and outstanding securities of HYTN on the Closing Date in accordance with the HYTN Exchange Agreement. See "*General Development of the Business – Significant Acquisitions and Dispositions – The HYTN Acquisition*". AmalCo became a wholly-owned subsidiary of the Issuer following completion of the three-cornered amalgamation involving the Issuer, MergerCo and NumberCo pursuant to the NumberCo Amalgamation Agreement, which was completed effective the Closing Date. See "*General Development of the Business – Significant Acquisitions and Dispositions – The NumberCo Acquisition*".

The following diagram sets out the intercorporate relationship between the Issuer and its subsidiaries after giving effect to the Acquisitions:



Prior to giving effect to the Acquisitions, the incorporate relationships of the entities were as follows:



2.4 Fundamental Change

This section is not applicable to the Issuer.

2.5 Non-Corporate Issuer and Issuers Incorporated Outside of Canada

This section is not applicable to the Issuer.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Issuer

The Issuer is a craft-inspired cannabis company founded to provide consumers unparalleled cannabis experiences through the research, production, marketing, distribution and sale of premium quality cannabis products. The Issuer's current operations are located in Canada. Through its subsidiaries, HYTN and HYTN Cannabis, the Issuer focuses on producing premium cannabis products for recreational consumers throughout Canada, utilizing its purpose-built processing facilities located in the City of Kelowna in the Okanagan Valley Region of British Columbia, Canada. The Issuer is currently focused on taking raw cannabinoid distillate and researching, producing, marketing and distributing premium cannabis products. Initially the Issuer will launch its Infused Sparkling Beverages, followed by similarly flavoured Infused Edibles. The Issuer intends to strategically offer new product formats such as cannabis oils, vape technology, and topical products, as demand patterns emerge.

Prior to the Acquisitions, the Issuer was a natural resource company historically engaged in the acquisition, exploration, development and operation of oil and gas properties in Canada and the United States. For the financial years ended January 31, 2021, 2020 and 2019, the Issuer had no revenues and no production to report. Due to the Issuer's condition at that time, the Issuer sought out and completed the Acquisitions.

During the three most recently completed financial years and also more recently, the Issuer completed the following:

(a) On the Closing Date, the Issuer announced completion of the Acquisitions, pursuant to which HYTN and AmalCo became the Issuer's wholly-owned subsidiaries. In connection with the Acquisitions, the Issuer also completed the Name Change. Prior to completion of the Acquisitions, the Issuer entered into debt settlement agreements with certain creditors, pursuant to which it discharged an aggregate total indebtedness of $1,782,474 through the issuance of 5,092,782 Common Shares at a price of $0.35 per share. See "*General Development of the Business – Significant Acquisitions and Dispositions*".

(b) On the Closing Date, the Issuer announced that it entered into the NumberCo Amalgamation Agreement with MergerCo and NumberCo, pursuant to which the Issuer agreed to acquire all of the issued and outstanding common shares of NumberCo and the NumberCo Brokers' Warrants in exchange for the issuance of 38,968,920 Common Shares at a price of $0.35 per share and 24,984 Warrants of the Issuer as consideration to the NumberCo shareholders and warrant holders and MergerCo and NumberCo agreed to amalgamate, with the resulting entity continuing as a wholly-owned subsidiary of the Issuer.

(c) On July 12, 2021, the Issuer announced that it entered into a letter of intent with HYTN, which was later replaced with the HYTN Exchange Agreement, to acquire all of the issued and outstanding securities of HYTN in exchange for the issuance of 15,532,000 Common Shares at a deemed price of $0.35 per share and up to 2,532,000 Warrants of the Issuer as consideration to the HYTN security holders.

(d) On July 6, 2021, the Issuer issued 1,330,000 Common Shares at a deemed price of $0.175 per Common Share pursuant to debt settlement agreements entered into on May 14, 2021 with certain creditors, pursuant to which the Issuer discharged an aggregate total indebtedness of $232,750.

(e) On May 7, 2021, the Issuer received notice from a director of the Issuer that indebtedness in the aggregate amount of $2,015,224 owed to the director has been assigned to an arms-length party. The assignment includes all interest bearing loans, and non-interest bearing advances, rent and consulting debts owed by the Issuer.

(f) On February 16, 2021, the Issuer completed the Consolidation of Common Shares on the basis of one (1) post-consolidated Common Share for each ten (10) pre-consolidated

Common Shares. The pre-consolidated Common Shares totaling 13,362,552 were reduced to 1,336,136 post-consolidated Common Shares.

(g) On December 31, 2019, Lyle Harvey resigned from the Board of Directors and Eva Luk was appointed as a director to fill the vacancy on the Board.

(h) On July 23, 2018, the Issuer announced the closing of a non-brokered private placement of 6,000,000 Common Shares at a price of $0.05 per Common Share for gross proceeds of $300,000.

HYTN

Since incorporation on October 16, 2018, HYTN completed the following:

(a) Starting in December 2018 and ending in November 2020, HYTN completed seed financing through the issuance of an aggregate of 12,988,875 Class A Shares for gross proceeds of approximately $713,421. HYTN issued 42,876 Class A Shares at approximately $16.33 per share, 51,000 Class A shares at $0.01 per share, and 12,894,999 Class A Shares at $0.001 per share.

(b) On January 18, 2019, HYTN issued 6,125 Class A Shares at approximately $16.33 per share to settle debt of $100,000 with a director of HYTN.

(c) On December 19, 2019, HYTN entered into a master agreement (the "**Master Agreement**") with Zenabis Global Inc. ("**Zenabis**"), pursuant to which Zenabis agreed to (i) supply various materials to HYTN for production of its products, including dried cannabis flower, dried cannabis trim, phytocannabinoid distillate, crystalline phytocannabinoids and other processed extracts of dried cannabis and (ii) sublease space (the "**Nova Scotia Facility**") to HYTN from Zenabis's Nova Scotia Facility to facilitate HYTN's business.

(d) On February 14, 2020, HYTN issued 5,000 Class A Shares at $0.01 per share to settle debt of $50 with a director of HYTN.

(e) In December 2020, HYTN terminated the Master Agreement and relocated all capital equipment at the Nova Scotia Facility to Kelowna in anticipation of securing a dedicated controlled space in Kelowna.

(f) On March 1, 2021, HYTN subleased 5,000 sq. ft., of appropriately zoned industrial space from Tradan Inc. (the "**Kelowna Facility**") and secured the necessary building permit from the City of Kelowna.

(g) In February 2021, HYTN completed a series A funding round, for aggregate gross proceeds of $633,000, through the issuance of an aggregate of 2,532,000 units of HTYN, each unit composed of one Class A Share of HYTN and one Class A Share purchase warrant, exercisable at $0.50 for a period of 2 years from issuance.

(h) In April 2021, HYTN commenced construction at the Kelowna Facility.

(i) On June 25, 2021, after completion of construction, HYTN Cannabis commenced its application for a Standard Processing Licence with Health Canada.

(j) In July 2021, HYTN Cannabis received the Research License from Health Canada for the Kelowna Facility and a request for more information (RMI) for a processing license.

(k) On August 11, 2021, HYTN entered into a supply agreement ("**Promethean Supply Agreement**") with Promethean BioPharma ("**Promethean**"), pursuant to which Promethean will purchase from HYTN certain emulsified cannabis products at an annual minimum amount of 7,000 specified units for an initial term of three years. See "*Narrative Description of Business – Production and Sales – Sales and Distribution*" for further detail respecting this agreement.

(l) On August 20, 2021, HYTN entered into two agreements with Emerald (the "**Emerald Agreements**") to, among other things, secure a supply of cannabis product inputs, including dried cannabis flower, dried cannabis trim, distillate, crude cannabis oil, crystalline, and processed extracts of dried cannabis, and manufacture their products. See "*Narrative Description of Business – Production and Sales – Sales and Distribution*" for further detail respecting these agreements.

(m) On August 27, 2021, Health Canada issued the Standard Processing Licence to HYTN Cannabis permitting HYTN Cannabis (i) to possess cannabis, (ii) to produce cannabis, other than obtain it by cultivating, propagating or harvesting it, and (iii) to sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations.

(n) On October 29, 2021 HYTN entered into a novation agreement with Emerald and HYTN Cannabis to, among other things, novate the Emerald Agreements by substituting HYTN Cannabis for HYTN under the Emerald Agreements, subject to certain conforming adjustments.

(o) On October 29, 2021, HYTN granted HYTN Cannabis a non-exclusive license for access and use of the Kelowna Facility for the purpose of HYTN Cannabis using the Kelowna facility to process cannabis.

(p) On November 8, 2021, the Kelowna Facility build-out completed and was granted ISO 9001:2015 Certification. The Kelowna Facility has capacity for up to 26,000,000 units of Infused Sparkling Beverages per year and 3,000,000 packages of Infused Edibles per year.

(q) On November 17, 2021, HYTN entered into a novation agreement with Promethean and HYTN Cannabis to, among other things, novate the Promethean Supply Agreements by substituting HYTN Cannabis for HYTN under the Promethean Supply Agreements, subject to certain conforming adjustments.

(r) On the Closing Date, HYTN acquired HYTN Cannabis for a nominal acquisition price, consolidating legal ownership of the HYTN Cannabis Standard Processing Licence under HYTN.

AmalCo

AmalCo was formed from the amalgamation of MergerCo and NumberCo pursuant to the NumberCo Amalgamation Agreement. NumberCo was incorporated on May 20, 2021 under the BCBCA and MergerCo was incorporated on September 10, 2021 under the BCBCA. Since their respective dates of incorporation, NumberCo and MergerCo have completed the following:

(a) On June 21, 2021, NumberCo completed a non-brokered private placement of 20,000,000 common shares at a price of $0.02 per common share for gross proceeds of $400,000.

(b) On June 21, 2021, NumberCo issued 5,000,000 common shares at a price of $0.02 per common share to Jason Broome and Elliot McKerr for services rendered in the amount of $100,000 in connection with completion of NumberCo's private placement on June 21, 2021 and in connection with the NumberCo Acquisition.

(c) On September 10, 2021, NumberCo completed tranche one of a non-brokered private placement of 1,708,356 common shares at a price of $0.35 per common share for gross aggregate proceeds of $597,925. In connection with this offering, NumberCo issued 24,984 Brokers' Warrants exercisable at $0.50 for a period of 1 year from issuance

(d) On October 25, 2021, NumberCo completed tranche two of a non-brokered private placement of 12,260,464 common shares at a price of $0.35 per common share for gross aggregate proceeds of $4,291,162.

(e) On the Closing Date, MergerCo and NumberCo completed an amalgamation under the BCBCA to form AmalCo.

3.2 Significant Acquisitions and Dispositions

The Issuer acquired HYTN on the Closing Date in accordance with the HYTN Exchange Agreement. The Issuer's acquisition of HYTN constituted a change of business and reverse takeover. Following the HYTN Acquisition, the Issuer continued the business of HYTN as its wholly-owned subsidiary.

Concurrently with the acquisition of HYTN, the Issuer, MergerCo and NumberCo completed a three-cornered amalgamation under the BCBCA on the Closing Date, pursuant to which the shareholders of NumberCo exchanged their shares of NumberCo for Common Shares and MergerCo and NumberCo amalgamated to form AmalCo. AmalCo is a wholly-owned subsidiary of the Issuer.

The HYTN Acquisition

The Issuer acquired HYTN on the Closing Date. Pursuant to the HYTN Exchange Agreement with HYTN and the security holders of HYTN, the Issuer acquired all of the issued and outstanding securities of HYTN in exchange for the issuance of 15,532,000 Common Shares at a deemed price of $0.35 per Common Share and 2,532,000 Warrants to the security holders of HYTN. The HYTN Acquisition constituted a change of business and a reverse takeover of the Issuer by HYTN. The transaction was an arm's length transaction. The Issuer obtained no valuation reports within the last 12 months to support the value of the consideration paid by the Issuer in connection with the HYTN Acquisition.

Prior to completion of the HYTN Acquisition, the Issuer entered into debt settlement agreements with certain creditors, pursuant to which it discharged an aggregate total indebtedness of $1,782,474 through the issuance of 5,092,782 Common Shares at a price of $0.35 per share.

On closing of the HYTN Acquisition, the Issuer completed the Name Change from "Mount Dakota Energy Corp." to "HYTN Innovations Inc.". Following completion of the HYTN Acquisition, HYTN became a wholly-owned subsidiary of the Issuer and the Issuer has carried on the business of HYTN, being the development and launch of HYTN's sparkling tetrahydrocannbinol and cannabidiol beverage business. The Issuer has received conditional approval from the TSXV to delist the Common Shares and will delist the Common Shares from the NEX board of the TSXV concurrently with the listing of the Common Shares on the CSE.

In addition, upon closing of the HYTN Acquisition and after receiving approval of the CSE, the Issuer's Board and management was reconstituted, such that the directors and officers of the Issuer now consist of:

- Elliot McKerr – Director and Chief Executive Officer;
- Jason Broome – Director and Chief Operating Officer;
- Eli Dusenbury – Director;
- Vic Neufeld – Director;
- Dennis Staudt – Director; and
- Paul More – Chief Financial Officer and Corporate Secretary.

The HYTN Acquisition was subject to a number of conditions, including CSE and TSXV acceptance, as well as applicable director and shareholder approval.

For additional information about HYTN and its business, see "*4. Narrative Description of the Business*".

The NumberCo Acquisition

The Issuer, MergerCo and NumberCo completed a three-cornered amalgamation under the BCBCA on the Closing Date. Pursuant to the NumberCo Amalgamation Agreement, the Issuer acquired all of the issued and outstanding common shares of NumberCo and the NumberCo Broker's Warrants on a 1:1 basis in exchange for the issuance of 38,968,920 Common Shares and 24,984 Warrants of the Issuer and MergerCo and NumberCo amalgamated to form AmalCo. On closing of the NumberCo Acquisition, AmalCo became a wholly-owned subsidiary of the Issuer. AmalCo has no significant business, operations or history, other than the completion of the Private Placement.

In connection with the NumberCo Acquisition, NumberCo completed the Private Placement and issued 13,968,820 common shares at a price of $0.35 per share for aggregate gross proceeds of approximately $4,889,087. Subscribers who acquired common shares of NumberCo in the Private Placement ultimately exchanged their shares for Common Shares of the Issuer in connection with the NumberCo Acquisition.

For additional information about MergerCo, NumberCo and AmalCo, see "*4. Narrative Description of the Business*".

3.3 Trends, Commitments, Events or Uncertainties

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations as at the date of this Listing Statement, except as otherwise disclosed herein or except in the ordinary course of business. There are significant risks associated with the Issuer's business as described under the heading "*17. Risk Factors*".

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of the Business

(1) General

Business

The Issuer utilizes a proprietary process called "Elevation Technology" to ensure all cannabis products deliver a rapid onset of effects, a predictable peak effect and a controllable dose. The Issuer believes that demand for new product formats will consistently grow within and also outside of Canada as additional legal federally regulated recreational markets emerge.

(a) Business Objectives

The Issuer expects to accomplish the following business objectives in the forthcoming 12-month period:

1. launch line of Infused Edibles; and
2. launch line of infused topicals.

(b) Significant Events or Milestones

The following is a list of the operational milestones required to achieve the Issuer's business objectives that have been completed or are anticipated to be completed over the next twelve (12) months:

Objective	Operational Milestone	Estimated Cost	Estimated Timing
Complete build-out of the Kelowna Facility	Obtain Health Canada license	$1,326,000	Complete
	Obtain ISO certification	$3,600	Complete
Launch line of Infused Sparkling Beverages	Produce initial inventory run	$490,000	Complete
Launch line of infused edibles	Produce inital inventory run	$264,000	Apr-22
	Obtain Provincial listing	$35,000	Feb-22

Objective	Operational Milestone	Estimated Cost	Estimated Timing
Launch line of infused topicals	Formulate topical product line	$25,000	Feb-22
	TOTAL:	**$2,143,600**	

(c) Total Funds Available

The Issuer has a total of $3,454,599 available, derived from: (i) HYTN working capital of $(1,953,436), as at December 31, 2021, (ii) AmalCo working capital of $5,296,166, as at December 31, 2021 of which included in this amount is the $500,000 loan amount AmalCo has access to, and (iii) HYTN Cannabis working capital of $111,869, as at December 31, 2021. The funds will be used to achieve the business objectives and milestones set out above.

(d) Purpose of Funds

The following table describes each of the principal purposes, with approximate amounts, for which the funds available described above will be used by the Issuer:

Principal Use of Available Funds	Approximate Amount
General and administrative(1)	$1,329,300
Marketing and investor relations	$750,000
Business objectives and milestones(2)	$324,000
Research and development	$175,000
Quality assurance	$150,000
Licenses and dues	$131,500
Professional fees - legal	$100,000
Professional fees - accounting/audit	$100,000
Advertising	$120,000
Listing statements costs	$100,000
Filing fees	$50,000
Unallocated working capital	$124,799
Total Amount for Principal Purposes	**$3,454,599**

Notes:

(1) See table below for a description of the estimated general and administrative costs of the Issuer, excluding amounts already noted in the use of available funds table, for the next 12-month period.

(2) Excluding $1,819,600 spent to date to achieve completed business objectives and milestones. See "*Significant Events and Milestones*" above.

General and administrative costs of the Issuer, for the next 12-month period are expected to be as follows:

Description	Approximate Amount
Wages and salaries	$1,053,250
Facility costs	$217,050
Office	$22,000
Other	$37,000
Total	**$1,329,300**

(2) Principal Products or Services

Through its wholly-owned subsidiaries HYTN and HYTN Cannabis, the Issuer is currently focused on the Infused Sparkling Beverages, being four flavoured THC-infused sparkling beverages, and the Infused Edibles, being a line of infused pectin based THC-infused edibles. When commercially available, the Infused Sparkling Beverages will be sold for $6.50 per unit.

Infused Sparkling Beverages

Flavours

HYTN's Infused Sparkling Beverages are available in four flavours: (i) Lemongrass Ginger; (ii) Blood Orange; (iii) Watermelon Mint; and (iv) Rosewater Lemonade. Each ready-to-drink (RTD) can is 355 mL and contains 10 mg of emulsified THC per can (5 mg in cans intended to be sold in Quebec). The Infused Sparkling Beverages are chef-designed and crafted with all-natural, zero-sugar, zero-calorie and gluten-free ingredients.

Focus on Quality

HYTN produces and markets quality cannabis products targeting discerning recreational consumers. While certain industry participants may white label their cannabis products from third parties for distribution, HYTN views this practice as negatively impacting product quality, consistency and experience.

Product quality, as defined by a rich sensory experience, a consistent and rapid psychoactive effect, coupled to robust and all natural flavour profiles, is essential to HYTN's target consumers' purchasing decisions and will continue to command a sustainable price premium in the market.

In developing quality cannabis products, HYTN's process is governed by the following three principles:

1. *Consistent*

Delivering a consistent experience for every usage occasion is essential for consumers to develop a trusted relationship with our brand. Doing so requires an exacting level of control over every input and processing step.

2. *Natural*

HYTN only uses full spectrum distillate extracted from dried cannabis flower from select cultivars that have been harvested at the peak and dried and cured such that THC is maximized and cannabinol (CBN) is minimized. All flavours and sweeteners are naturally derived.

3. *Delicious*

HYTN's craft beverage and cannabis roots have inspired its genesis as a company and its product offerings. HYTN's goal is always to produce something that always tastes delicious.

By consistently delivering premium cannabis infused products, HYTN intends to develop a relationship of trust with its consumers and establish a premium brand position.

<u>Elevation Technology™ and Research and Development</u>

The HTYN team has through its research team developed what it calls its "Elevation Technology" which is a stable emulsion from both a formulation and active ingredient perspective. Cannabis beverages have traditionally struggled with enhanced cannabinoid degradation and can liner negative effects. Through its proprietary Elevation Technology, HYTN has achieved a stable emulsion with a surfactant/carrier oil/aqueous phase/co-surfactant/preservative formulation with established stability. This allows for rapid onset, predictable peak effect and offset times giving consumers more control over their experience.

At its Kelowna Facility, HYTN operates an industry-leading research and development program aimed at providing proprietary insights and an understanding of cannabis and its associated cannabinoids and terpene constituents, their psychoactive and psychotropic effects and how best to bring those to maximal effect and experience. 600 sq. ft. of licenced space at the Kelowna Facility are devoted to these capabilities, with an aim of supporting the economic production of high quality derivative products and the development of new product formats to bring to market.

<u>Ingredients</u>

The principal ingredients in the Infused Sparkling Beverages are: (i) water; (ii) emulsifiers (coconut oil, vitamin E, mixed phospholipids, sorbic acid and sodium benzoate); (iii) cannabis distillate; (iv) natural flavours; and (v) citric acid.

Packaging

The Infused Sparkling Beverages are packaged at the Kelowna Facility. Once a HYTN product is prepared for packaging, it is packaged for distribution using the JIT (Just in Time) packaging process, which is described in this section. The finished liquid is pumped through the filtration to a highly efficient canning lane capable of running 70 cans per minute. The cans arrive to the facility sterile and ready to be filled and are loaded onto the canning line by a line operator. The canning line fills, lids, and seams the cans in line.

After filling and capping, the cans flow down the line to a weighing station and seam check where they are checked for uniformity and automatically fed into the automated labelling line. The labeling line applies a label to each can that features a variable, direct print, panel containing information about the order, batch, lot, expiry etc. Once labeled, the cans exit the line to a sorting table where an operator applies a validated child resistance closure (CRC) and government required federal excise stamps before loading the cans into master packs.

The master packs are then loaded and labeled on a sorting table at the end of the production line and are transferred to pallets for transport to distribution centers.

Kelowna Facility

The Kelowna Facility is a purpose-built production facility located at 302/303 – 990 Clement Avenue, Kelowna, BC. The facility was designed to meet GMP specifications and received ISO Certification on November 8, 2021. The Kelowna Facility has capacity for up to 26,000,000 units of Infused Sparkling Beverages per year and 3,000,000 packages of Infused Edibles per year.

The Kelowna Facility is ISO 9001:2015 certified. This serves as a scalable and robust distribution platform for the Canadian and eventually the global markets.

Infused Edibles

HYTN intends to launch edibles into the Canadian market featuring its Elevation Technology. HYTN's Infused Edibles will deliver a rapid onset of effects, a predictable peak effect and a controllable dose. As with HYTN's line of Infused Sparkling Beverages, HYTN's Infused Edibles will be all-natural, low in sugar and delicious.

1. *Flavours*

HYTN plans to replicate the flavour profile of their beverages in its edible line and launch with four flavours for the Canadian market: Blood Orange, Lemongrass Ginger, Rosewater Lemon and Watermelon Mint.

2. *Ingredients*

HYTN edibles are made with the highest quality gelatins and pectins, natural sweeteners and organic flavours. All edibles feature the same active emulsion as HYTN beverages.

3. *Packaging*

All HYTN packaging will conform to provincial and national requirements, be selected to ensure product quality and feature a CPC to ensure intended consumer enjoyment.

Marketing

HYTN is a product first company and will leverage its quality and dedication to its three pillars of *Consistent*, *Natural*, *Delicious* products to build brand awareness organically through budtenders (i.e. product information, education and recommendation specialists present at retail locations), influencers, and word of mouth.

Our consumers are also ambassadors for the HYTN brand and for the exacting quality level of its products. Because the Canadian regulatory environment currently restricts companies' ability to use conventional marketing and promotional tactics, HYTN believes this approach will serve it well for the near-to medium-term.

By positioning HYTN as a trusted premium brand, HYTN expects to see some increase in market share in the long-term as the knowledge of the less-frequent cannabis consumers increases. In parallel and as the market matures further, the Issuer may decide to devote additional resources to in-store merchandising, event-based education, and consultative selling within retailers, using both dedicated in-house personnel and third-party brokerage and service providers. As at the date of this Listing Statement, HYTN does not currently intend to allocate additional resources to in-store merchandising, event-based education or consultative selling within retailers. The decision to allocate additional resources may depend on several factors, including future market developments and the resources available to HYTN. Please see "*Risk Factors – Cannabis Industry Risks – New Market*".

(3) Production and Sales

HYTN produces all goods in its Kelowna Facility in accordance with GMP principles and ISO accredited guidelines. All procedures are guided by HYTN's Health Canada approved Quality Management System (QMS) and Standard Operating Procedures (SOP's).

<u>Production of Infused Sparkling Beverages</u>

HYTN utilizes a proprietary method of production for its line of Infused Sparkling Beverages. A brief description of our production process is as follows:

1) filtered domestic cold water arrives from the water treatment facility;

2) the filtered water is heated to a certain temperature before being moved to an emulsifying tank whereby certain nanostabilizers and THC distillates are added pursuant to the specified formulation;

3) the mixer is engaged until a certain level of homogenization is achieved;

4) the homogenized mixture is cycled through a unique ultrasonic emulsifier process until a certain level of optical clarity is achieved;

5) the emulsified THC is added to the mixing tanks based on the formulation, before filtered domestic cold water is added along with natural flavouring;

6) carbon dioxide is introduced via certain processes whereby temperatures are strictly controlled before the liquid is held under pressure until the correct carbon dioxide volume is achieved (testing is done at this stage to maintain optimal carbonization);

7) the liquid is pumped through filters to remove process shedding and to eliminate any residual microbials; and

8) the finished liquid undergoes packaging and labelling before being finally packed in the master case.

<u>Production of Infused Edibles</u>

HYTN utilizes a proprietary multi-day method of production for its line of Infused Edibles. The process involves certain emulsion procedures that utilize precise timing and temperature to ensure consistency amongst the finished products.

<u>Raw Materials and Supply</u>

The high-quality, natural ingredients used in the Infused Sparkling Beverages and Infused Edibles are as follows:

- HYTN's products use dried cannabis flower, dried cannabis trim, distillate, crystalline or other processed extracts of dried cannabis by various sources, including pursuant to the Supply Agreement with Emerald (see "Sales and Distribution").

- HYTN sources natural flavours from market leading manufactures. All flavour ingredients are released by the Quality Assurance Person following a complete batch record review and shipped with a certificate of analysis (COA)

- HYTN sources all water inputs from the City of Kelowna.

- HYTN sources all gas inputs from a globally recognized supply partner.

The ingredients used in HYTN's products are readily available and HYTN does not currently have, nor does it anticipate having in the near to medium term, any shortage of available supply. HYTN does not anticipate having any scalability issues with the packaging and equipment companies it works with in terms of increasing production to higher quantities, given that its products are sourced from large suppliers with robust supply chains.

Regulatory

On October 17, 2018, the Cannabis Act, also known as Bill C-45, came into force as law with the effect of legalizing the non-medical use of cannabis by adults across Canada. The Cannabis Act replaced the Access to Cannabis for Medical Purposes Regulations, which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner. The Cannabis Act permits the non-medical use of cannabis by adults and regulates the production, distribution and sale of cannabis and related oil extracts in Canada, for both non-medical and medical purposes.

The Cannabis Regulations under the Cannabis Act set out the product categories that are permitted for sale, including dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including "pre-rolled" and capsule products. In June 2019, Health Canada announced amendments to the Cannabis Regulations setting out rules governing the legal production and sale of edible cannabis products, cannabis extracts and cannabis topicals. As required by the Cannabis Act, the amended regulations came into force on October 17, 2019, with cannabis products becoming available in December 2019.

The Cannabis Act and the Cannabis Regulations, among other things, set out regulations relating to the following matters:

1. licenses, permits and authorizations;
2. security clearances;
3. cannabis tracking system;
4. cannabis products;
5. packaging, labelling and advertising;
6. cannabis for medical purposes; and
7. health products and cosmetics containing cannabis.

HYTN's products and operations are and will remain in compliance with the regulatory framework outlined in the Cannabis Act and the Cannabis Regulations. A brief summary of each matter in the list above is provided below.

Licences, Permits and Authorizations

The Cannabis Regulations establish the following six classes of licenses under the Cannabis Act authorizing differing activities and, in some cases, the scale of the authorized activity: (i) cultivation licenses; (ii) processing licenses; (iii) analytical testing licenses; (iv) sale for medical purposes licenses; (v) research licenses; and (vi) cannabis drug licenses. The Cannabis Regulations also create subclasses of cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). The different classes of licenses and each subclass therein carry differing rules and requirements that are intended to be proportionate to the public health and safety risks posed by each class and subclass of license. The Cannabis Regulations provide that all licenses issued under the Cannabis Act must include both the effective date and expiry date of the license, and may be renewed on or before the expiry date.

The Cannabis Regulations provide that license holders may only conduct activities authorized by a license at the site specified in the license (except for destruction, antimicrobial treatment and distribution) and that no licensed activities can be conducted in a dwelling-house. The holder of a license must not produce cannabis (other than cannabis obtained by cultivating, propagating or harvesting it) or test, store, package or label cannabis outdoors.

Security Clearances

Certain personnel associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders and individuals identified by the Minister of Health (the "**Minister**"), are obliged to hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. The Cannabis Regulations also provide that security clearances are valid for a period of no more than five years.

Health Canada acknowledges that individuals who have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis or small-scale cultivation of cannabis plants) may obtain security clearances so they can participate in the legal cannabis industry, depending on the circumstances. The Minister may grant security clearances to any such individual, on a case-by-case basis, if the Minister determines that the individual does not pose an unacceptable risk to public health or safety, including the risk of cannabis being diverted to an illicit market or activity.

Cannabis Tracking System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Cannabis Regulations provides the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister of Health. The Minister has introduced the Cannabis Tracking and Licensing System (CTLS), and license holders are required to use this system to submit monthly reports to the Minister, among other things.

Cannabis Products

The Cannabis Regulations set out the requirements for the sale of cannabis products at the retail level and permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, after it has been packaged and labelled for sale to a customer, including in such forms a “pre-rolled” and capsules. With amendments to the Cannabis Regulations that came into force in October of 2019, the products permitted for sale were expanded to include edible cannabis, cannabis extracts (such as hashish, wax and vaping products) and cannabis topicals. The THC content and serving size of cannabis products is regulated by the Cannabis Regulations.

In order to produce and sell products within the classes of cannabis introduced on October 17, 2019, individual licensees were required to apply to Health Canada to amend their licenses. Health Canada began accepting applications for license amendments as of mid-September 2019. Further, at least 60 days before making a new cannabis product available for sale, holders of a processing license were required to provide Health Canada with a written notice describing the product and advising of the date that it will become available for sale. October 17, 2019 was the first day that Health Canada accepted such notices, and accordingly December 16, 2019 was the first day upon which products in the new classes could be sold or made available to provincial wholesalers.

Good Production Practices

The Cannabis Regulations establish requirements pertaining to the production, distribution, and storage of cannabis in order to control quality of finished products. The October 17, 2019 amendments to the Cannabis Regulations incorporated additional good production practices, many of which have been adapted from the *Safe Food for Canadians Regulations* to address the risk of foodborne illnesses that may be associated with edible forms of cannabis. Of particular note, if a license holder chooses to process any class of cannabis and food products on the same site, then the production, packaging, labelling and storage of cannabis and the production, packaging and labelling of food products must be conducted in separate buildings in order to reduce the risk of cross-contamination between ingredients and products.

Product Composition and Ingredients

The Cannabis Regulations restrict the addition of anything other than cannabis to non-derivative cannabis products (with the exception of cannabis oil, which may contain the carrier oil and any additives necessary to preserve the quality and stability of the product). The composition and ingredient requirements in respect of edible cannabis, cannabis extracts and cannabis topicals are extensive and detailed and include: (i) restrictions on the use of sweeteners and flavouring agents; and (ii) prohibitions against the use of any ingredients that could be considered unsafe or that may cause injury to the health of consumers when the product is used as intended or in a reasonably foreseeable way.

Product Testing

The Cannabis Regulations require sampling and testing of cannabis products as follows:

- testing to determine the content of THC, tetrahydrocannabinolic acid (THCA), CBD and cannabidiolic acid (CBDA);

- testing for microbial and chemical contaminants, which must be within limits that are generally appropriate for the intended use of the product (e.g. ingestion, inhalation, etc.);

- testing for the residues of solvents used in the production of cannabis products; and

- dissolution or disintegrations testing (on discrete units intended for ingestion or nasal, rectal or vaginal use).

Packaging and Labelling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products which are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. These requirements require plain packaging for cannabis products, including strict requirements for logos, colours and branding, as well as packaging that is tamper-proof and child-resistant. The Cannabis Regulations further require mandatory health warnings, the standardized cannabis symbol and specific product information. Cannabis package labels must include specific information, such as: (i) product source information, including the class of cannabis and the name, phone number and email of the cultivator or a manufacturer; (ii) a mandatory health warning, rotating between Heath Canada's list of standard health warnings; (iii) the Health Canada standardized cannabis symbol; and (iv) information specifying THC and CBD content.

Advertising

The Cannabis Act set out restrictions regarding the promotion of cannabis products. Subject to a few exceptions, all promotions of cannabis products are prohibited unless authorized by the Cannabis Act.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-based approach to the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices.

The Cannabis Regulations do not apply to cannabis-derived ingredients that are exempt from the definition of "cannabis" (such as non-viable seeds, mature stalks without any leaf, flower, seed or branch, and roots of cannabis plants). These exempt ingredients, or cannabis-derived ingredients that contain no more than 10 parts per million (ppm) THC, and those which fall within the IHR, can be used in cosmetics and natural health products, so long as no health claims are made. There is currently no pathway for cannabis-derived ingredients that contain more than 10ppm THC or derivatives therefrom (THC/CBD) to be used in natural health products with health claims, cosmetics with cosmetic claims, OTCs, pet health products or foods. Phytocannabinoids are on the Prescription Drug List and can undergo Drug Identification Number (DIN) registration for use in human and veterinary drug products.

Specialized Skill and Knowledge

The nature of HYTN's business requires specialized knowledge and technical skill around product formulation, quality assurance, ingredient sourcing and distributing products across multiple jurisdictions. While its core corporate team is focused on product formulation and manufacturing, management, finance and marketing, HYTN relies on third-party partners to sell and ship its products to our consumers.

Sales and Distribution

Emerald

Following HYTN Cannabis' receipt of a Standard Processing Licence issued by Health Canada on August 27, 2021, HYTN Cannabis intends to sell its cannabis products in Canada. Sales will be facilitated through HYTN Cannabis' business relationship with Emerald, a Canadian based cultivator, producer, and distributor of cannabis products. This business relationship will be executed through two written agreements: (1) the Supply Agreement; and (2) the Manufacturing Agreement. Please see below for a summary of the agreements (i.e. the Emerald Agreements).

1. Supply Agreement

On October 6, 2021, HYTN entered into an ongoing supply agreement with Emerald (the "**Supply Agreement**"), pursuant to which each party agreed to sell to the other party certain cannabis products on a non-exclusive basis. On October 29, 2021, HYTN entered into a novation agreement with Emerald and HYTN Cannabis to, among other things, novate the Supply Agreement by substituting HYTN Cannabis for HYTN under the Supply Agreement, subject to certain conforming adjustments. Under the novation agreement, HYTN assigned to HYTN Cannabis all of HYTN's rights, and HYTN Cannabis assumed all of HYTN's obligation, under the Supply Agreement.

Under the Supply Agreement, Emerald has agreed to sell the following cannabis products to HYTN Cannabis: dried cannabis flower, dried cannabis trim, distillate, crude cannabis oil, crystalline, and processed extracts of dried cannabis. The products HYTN Cannabis has agreed to sell to Emerald under the Agreement include bulk emulsified cannabis, white labeled cannabis beverages, and white labeled cannabis edibles. The cannabis products will be sold by each party to the other party at the prices specified in the Supply Agreement. HYTN Cannabis' ability to produce and sell the cannabis products is dependant upon: (1) HYTN Cannabis obtaining and maintaining for duration of the term of the Supply Agreement a standard processing licence issued by Health Canada that provides all necessary authorizations for HYTN Cannabis to produce and sell the cannabis products as contemplated by the Supply Agreement; and (2) Emerald supplying HYTN Cannabis with the cannabis inputs required by HYTN Cannabis for the production of its cannabis products. Neither party is obligated to purchase or sell any annual minimum quantity of cannabis products under the Supply Agreement. Each party and their respective affiliates are restricted from using cannabis products purchased under the Supply Agreement to produce products that compete with the products of the other party. The Supply Agreement contains detailed product recall procedures that must be followed in the event that either party initiates a product recall respecting goods it has sold under the Supply Agreement. The Supply Agreement may be terminated by either party on 90 days written notice.

2. Manufacturing Agreement

On October 6, 2021, HYTN entered into an ongoing manufacturing agreement with Emerald (the "**Manufacturing Agreement**"). On October 29, 2021 HYTN entered into a novation agreement with Emerald and HYTN Cannabis to, among other things, novate the Manufacturing Agreement by substituting HYTN Cannabis for HYTN under the Manufacturing Agreement, subject to certain conforming adjustments. Under the novation agreement, HYTN assigned to HYTN Cannabis all of HYTN's rights, and HYTN Cannabis assumed all of HYTN's obligation, under the Manufacturing Agreement.

Under the Manufacturing Agreement, Emerald has engaged HYTN Cannabis to manufacture HYTN Cannabis's Infused Sparkling Beverages and Infused Edibles (the "**HYTN Branded Goods**"). HYTN Cannabis will not be obligated to commence manufacturing the HYTN Branded Goods until HYTN Cannabis has obtained all licenses and authorizations from Health Canada and any other applicable governmental authorities necessary to manufacture the HYTN Branded Goods as contemplated by the Manufacturing Agreement. Once manufactured, HYTN Cannabis will sell the HYTN Branded Goods to Emerald on an exclusive basis at the prices set out in the Manufacturing Agreement; however, Emerald will not pay HYTN Cannabis for the HYTN Branded Goods until Emerald has received payment from the corporations, governmental authorities, or other legal entities authorized under the Cannabis Act and Cannabis Regulations to distribute cannabis products to retail stores (the "**Provincial Distributors**") to which Emerald has sold the HYTN Branded Goods. Emerald is not obligated to purchase any annual minimum quantities of HYTN Branded Goods under the Manufacturing Agreement and HYTN Cannabis is not obligated to produce or sell any annual minimum quantities of the HYTN Branded Goods. Once Emerald takes title to the HYTN Branded Goods, Emerald is responsible for selling the HYTN Branded Goods to Provincial Distributors. Emerald will charge HYTN Cannabis a fee for its service of selling the HYTN Branded Goods to the Provincial Distributors and may deduct that fee from the payments Emerald makes to HYTN Cannabis for the HYTN Branded Goods.

Emerald is required to promptly notify HYTN Cannabis of any adverse reactions or serious adverse reactions (as defined in the Cannabis Regulations) related to any of the HYTN Branded Goods and is also required to assist HYTN Cannabis with any related investigation. Additionally, the Manufacturing Agreement contains detailed product recall procedures that must be followed in the event that either party initiates a product recall respecting the HYTN Branded Goods. The Manufacturing Agreement may be terminated by either party on 90 days prior written notice.

3. Recent Developments

On December 15, 2021, Emerald provided notice to HYTN to terminate the Manufacturing Agreement and Supply Agreement. Emerald will continue to provide its services (i) under the Manufacturing Agreement until March 15, 2022, and (ii) under the Supply Agreement until March 15, 2022.

Promethean

On August 11, 2021, HYTN entered into an exclusive supply agreement (the "**Promethean Supply Agreement**") with Promethean, an Australia-based importer, exporter and distributor of para-pharmaceutical and medicinal products. On November 17, 2021, HYTN entered into a novation agreement with Promethean and HYTN Cannabis to, among other things, novate the Promethean Supply Agreement by substituting HYTN Cannabis for HYTN under the Promethean Promethean Supply Agreement, subject to certain conforming adjustments. Under the novation agreement, HYTN assigned to HYTN Cannabis all of HYTN's rights, and HYTN Cannabis assumed all of HYTN's obligation, under the Promethean Supply Agreement.

Pursuant to the Promethean Supply Agreement, Promethean will purchase from HYTN Cannabis certain emulsified cannabis products at an annual minimum amount of 7,000 specified units for an initial term of three years. The Promethean Supply Agreement restricts HYTN Cannabis from selling the products under the Promethean Supply Agreement or similar products to any other person inside of outside of Canada or Australia. Promethean is also restricted from purchasing the products under the Promethean Supply Agreement or similar products from any person inside or outside of Canada or Australia.

At the expiry of the term, the Promethean Supply Agreement will automatically renew for up to two successive two-year renewal terms unless cancelled by either party at least 6 months prior to the end of the then-current term. Either party may terminate the Promethean Supply Agreement if, among other things, the other party receives written notice that it is about to get deprived of or withdrawn from a license, government approval or permit required to satisfy its obligations under the Promethean Supply Agreement or a product which is considered material by Promethean does not meet or is about to forfeit the prerequisites and conditions of certain product specifications under the Promethean Supply Agreement.

Either party can terminate the Promethean Supply Agreement if, due to a change in requirements under law, the terminating party will be subject to serious economic hardship or be unable to fulfill its obligations under the Promethean Supply Agreement.

Employees

HYTN currently has 7 full-time employees. The number of employees is expected to grow to 15 when commercial operations are fully launched in order to facilitate a multi-shift manufacturing schedule.

(4) Competitive Conditions and Position

The cannabis market in which the Issuer operates is an emerging and rapidly expanding industry, with new developments occurring frequently. According to a CIBC analysts forecast, the total cannabis market in Canada, including medical and recreational cannabis products, is expected to generate up to $7 billion in sales in 2021 with $2 to $4 billion in the legal recreational market.[1] Medical cannabis is anticipated to generate an additional $0.7 billion to $1.7 billion in sales, with the illegal market bringing in a further $0.5 billion to $1.3 billion.

Canadian Market

The Canadian cannabis market has been steadily growing. The country has seen an average of a 10 percent increase each month in the number of Canadian patients signed up to receive medical cannabis. The sale of dried cannabis has grown steadily at 6 percent a month, and the sale of cannabis oil has been growing by 16 percent a month.[2]

In 2017, about 4.9 million Canadians aged 15 to 64 spent an estimated $5.7 billion on cannabis for medical and non-medical purposes. This was equivalent to around $1,200 per cannabis consumer. In 2018, Canadians spent $1.6 billion on legal cannabis, more than double the amount that was spent on solely medical cannabis in 2017, according to a new report "The State of Legal Marijuana Market", released by Arcview Market Research and BDS Analytics.[3]

[1] See CIBC Capital Markets, Equity Research Industry Update, December 8, 2020 ,https://woodgundyadvisors.cibc.com/documents/254142/254201/2021+EQUITY+OUTLOOK.pdf/c6a6efa3-7ae2-4833-a94a-b7e3d9fa5062.
[2] See Government of Canada, "Cannabis market data: Overview" (Date Modified: 2021-06-15), <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/market.html>.
[3] See Arcview, "The State of Legal Cannabis Markets <(https://research.arcviewgroup.com/solcm8/>.

The federal government legalized recreational cannabis on October 17th, 2018 and sales at cannabis stores in the first three months after legalization totaled $151.5 million, reached $1,186 million in 2019 and $2,625 million in 2020 according to Statistics Canada.[4]

Total sales of dried cannabis in Quarter 3, 2019 increased by 32.4% compared to Quarter 2, 2019 (from 28,394 kilograms to 37,588 kilograms), while total sales of cannabis oil increased by 15.7% (from 27,692 litres to 32,032 litres) during the same period.[5]

The cannabis market is poised to have a major effect overall on Canada's economy. One study from Deloitte Private pegged the potential economic impact of legalized recreational marijuana in Canada at more than $22 billion, including transportation, licensing fees and security.[6]

According to the CIBC analysts forecast, the investment banking subsidiary of the Canadian Imperial Bank of Commerce, the cannabis adult-use market will have a retail value of $2.5 billion in 2020 and $4.1 billion in 2021.[7]

According to Deloitte's 2021 cannabis customer survey[8], Dual-source cannabis consumers have shown they are willing to buy from licensed sellers, representing a substantial short-term growth opportunity for the industry. Investing in studying this segment of the consumer population will help to clarify relevant motivational and behavioural drivers. Cannabis companies must also be tactical regarding the consumer segments and product categories on which they will focus, fully understand these targets, and continually reassess their pipeline and innovation strategies

Position and Strategy

The Issuer's strategy within this highly competitive landscape is founded on (i) its team's broad cannabis and beverage experience, (ii) its appropriately designed facility, designed and outfitted to maximize profitability, and (iii) the expected profitability of its high quality products and premium brands.

<u>Experienced management team</u>

The Issuer's operating team members are experienced in beverage production, having been first to launch industry ready to drink (RTD) sugar free vodka soda brands. The operating team has experience in the design, construction and operation of cannabis production facilities in Canada, which were built to comply with a variety of regulatory predecessors to the Cannabis Act, including the MMAR, MMPR and the ACMPR. In this, the team's expertise is transferable to other regulated cannabis markets and will provide a competitive advantage for entry into new markets.

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[4] See Statistics Canada, "Cannabis Stats Hub", (Date Modified: 2019-08-14), <https://www150.statcan.gc.ca/n1/pub/13-610-x/cannabis-eng.htm>.
[5] Supra Note 1.
[6] See Deloitte LLP "Seeding new opportunities – Listening to Canada's cannabis consumer", https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/consumer-business/ca_cannabis_consumer_survey_en_aoda.pdf.
[7] See MJBizDaily Staff, "Canadian bank slashes cannabis sales forecast to CA$2.5 billion for 2020" (Date Modified:2020-04-27) <https://mjbizdaily.com/canadian-bank-slashes-cannabis-sales-forecast-to-ca2-5-billion-for-2020/>.
[8] Supra Note 5.

Properly Scaled Facilities and Team

The missteps of cannabis companies attempting to be all things to all segments of the market have created bloated companies lacking focus. The Issuer's approach is 180 degrees counter to this traditional approach. Rather, the Issuer's construction, design, cannabis, food and beverage expertise, focus on cost optimization through standardization of production capabilities has positioned the Issuer to maximize profitability.

Through HYTN, the Issuer has developed a scalable system allowing maximal output of both gelatin/pectin-based edibles and sparkling beverages with minimal capital equipment and staff. The production line can be operated with as few as three staff members and is designed to run three 8-hour shifts per day.

High Quality Products and Premium Brands

The HTYN brand is being built on the foundation of premium cannabis products, namely products that are: *Consistent*, *Natural* and *Delicious*.

By consistently delivering high quality cannabis products, the Issuer intends to develop a relationship of trust with our consumers and establish a premium brand position, which can be directly extended to additional premium derivative products and associated life style brands.

The Issuer's strategy for producing premium cannabis products starts with the selection of high-quality cannabis cultivators, their genetics and resultant full spectrum distillate. All input material requires a full analysis and accompanying Certificate of Authenticity and must meet the requirements as set out in HYTN's Quality Management System Manual.

The Issuer believes that its premium position and associated pricing in Canada will be sustainable over the medium- to long-term, based on its consistent product quality and premium brand. The Issuer further believes that this expectation aligns with the dynamics observed in established markets such as California, where producers of high quality cannabis have consistently achieved sustained premium prices, even as lower-quality cannabis flooded the market.

(5) Lending Operations and Investment Policies and Restrictions

This section is not applicable to the Issuer.

(6) Bankruptcy, Receivership and Similar Proceedings

None of the Issuer, AmalCo nor HYTN have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership nor similar proceedings, within the three most recently completed financial years or the current financial year.

(7) Material Restructuring Transaction

This section is not applicable to the Issuer.

(8) Fundamental Social and Environmental Policies

None of the Issuer, AmalCo nor HYTN have implemented social or environmental policies that are fundamental to their operations.

4.2 Asset Backed Securities

None of the Issuer, AmalCo nor HYTN have any asset backed securities.

4.3 Companies with Mineral Projects

None of the Issuer, AmalCo nor HYTN have any mineral projects.

4.4 Companies with Oil and Gas Operations

None of the Issuer, AmalCo nor HYTN have any active oil and gas operations. The Issuer's petroleum and natural gas properties consist of the Alsike wells based in Alberta. During the fiscal year ending January 31, 2021, the Issuer successfully abandoned and decommissioned its two remaining wells.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information in this section is subject to the detailed information contained in the financial statements of HYTN and related notes thereto, which are attached as Appendix B hereto.

5.1 Annual Information

The following table sets forth selected consolidated financial information of HYTN for (i) the year ended September 30, 2021, (ii) for the year ended September 30, 2020, and (iii) for the period from incorporation on October 16, 2018 to September 30, 2019, and should be read in conjunction with such financial statements.

	Year Ended Sep 30, 2021 ($)	**Year Ended Sep 30, 2020 ($)**	**Period from Incorporation on Oct 16, 2018 to Sep 30, 2019 ($)**
Operating Data			
Total Revenue	Nil	Nil	Nil
Net income (Loss) in total	(850,631)	(273,043)	(311,676)
Net Income (Loss) per Common Share (Basic and Diluted)	(0.07)	(2.65)	(4.66)
Balance Sheet Data			
Total Assets	2,761,888	797,025	507,255
Total Long-Term Financial Liabilities	718,764	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

For more information regarding the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of HYTN's business, please refer to the financial statements for the years ended September 30, 2021 and 2020, and for the period from incorporation on October 16, 2018 to September 30, 2019, along with the corresponding Management's Discussion and Analysis, attached hereto as Appendix B.

5.2 Quarterly Information

The results for each of the eight most recently completed quarters ending at the end of the most recently completed financial year on September 30, 2021, are summarized below:

	Revenues ($)	Income (Loss) ($)	Income (Loss) per Common Share (Basic and Diluted ($)
Fourth Quarter 2021 (Jul 1, 2021 – Sep 30, 2021)	Nil	(100,105)	(0.02)
Third Quarter 2021 (Apr 1, 2020 – Jun 30, 2020)	Nil	(86,160)	(0.01)
Second Quarter 2021 (Jan 1, 2020 – Mar 31, 2020)	Nil	(137,396)	(0.01)
First Quarter 2021 (Oct 1, 2019 – Dec 31, 2019)	Nil	(526,970)	(0.04)
Fourth Quarter 2020 (Jul 1, 2020 – Sep 30, 2020)	Nil	(98,443)	(0.94)
Third Quarter 2020 (Apr 1, 2020 – Jun 30, 2020)	Nil	(30,388)	(0.29)
Second Quarter 2020 (Jan 1, 2020 – Mar 31, 2020)	Nil	(91,755)	(0.89)
First Quarter 2020 (Oct 1, 2019 – Dec 31, 2019)	Nil	(52,457)	(0.52)

5.3 Dividends

The future payment of dividends will be dependent upon the financial requirements of the Issuer to fund further growth, the financial condition of the Issuer and other factors, which the Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

5.4 Foreign GAAP

This section is not applicable to the Issuer.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

HYTN's MD&A for the years ended September 30, 2021 and 2020, and for the period from incorporation on October 16, 2018 to September 30, 2019 are attached in Appendix B to this Listing Statement.

7. MARKET FOR SECURITIES

The Common Shares were listed on the NEX board of the TSXV on February 1, 2018 under the symbol "MMO.H". Trading in the Common Shares was halted on July 12, 2021 at the request of the Issuer in connection with the announcement of the Acquisition. The Issuer has received conditional approval from the TSXV to delist the Common Shares and will delist the Common Shares from the NEX board of the TSXV concurrently with the listing of the Common Shares on the CSE.

8. CONSOLIDATED CAPITALIZATION

The following table summarizes the Issuer's consolidated capitalization as at the end of the Issuer's most recently completed financial year on January 31, 2021 and as at the date hereof following completion of the Acquisitions:

Security Type	Number of Authorized	Issued and Outstanding as at January 31, 2021	Issued and Outstanding as at the date hereof on a post-Acquisitions basis(3)
Common Shares	Unlimited	1,336,136(1)	62,259,838
Warrants	Unlimited	Nil	2,556,984
Options	Rolling 10% (2)	Nil	1,725,000
Performance Warrants	Unlimited	Nil	10,000,000
Restricted Shares	Rolling 10% (2)	Nil	1,900,000

Notes:

(1) Shown on a post-Consolidation basis. On February 16, 2021, the Issuer consolidated its Common Shares on the basis of one (1) post-consolidated Common Share for each ten (10) pre-consolidated Common Shares of the Issuer. The pre-consolidated Common Shares totaling 13,362,552 were reduced to 1,336,136 post-consolidated Common Shares.

(2) Pursuant to the Omnibus Plan, the maximum number of Common Shares issuable pursuant to awards under the Omnibus Plan cannot exceed 10% of the aggregate number of Common Shares outstanding from time to time on a non-diluted basis.

(3) In connection with the Acquisitions, the Issuer issued 38,968,920 Common Shares and 24,984 Warrants to the NumberCo shareholders, as well as 15,532,000 Common Shares to the HYTN shareholders and 2,532,000 Warrants to the HYTN warrant holders in exchange for all of the issued and outstanding securities of NumberCo and HYTN. See "*Significant Acquisitions and Dispositions*".

Other than the Consolidation and the Acquisitions, there were no material changes in, and no effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement. See "*Significant Acquisitions and Dispositions*" above for more details.

9. OPTIONS TO PURCHASE SECURITIES

9.1 Omnibus Plan

The Omnibus Plan of the Issuer provides for the grant of Options, RSUs, DSUs, PSUs and other share-based awards to eligible individuals in accordance with the terms of the Omnibus Plan. The Omnibus Plan is the Issuer's only equity compensation plan. It is a 10% rolling plan, pursuant to which Omnibus Plan Awards may be granted by the Issuer not exceeding 10% of the issued and outstanding Common Shares at the time of grant. As of the date of this Listing Statement, the Issuer has 1,725,000 Options outstanding.

The following information is intended to be a brief description and summary of the material features of the Omnibus Plan:

(a) The maximum number of Common Shares that may be issued upon the exercise of Omnibus Plan Awards may not exceed the number equal to 10% of the Issuer's issued and outstanding Common Shares.

(b) Omnibus Plan Awards can be issued to persons who are directors, senior officers, employees and consultants of, or employees of management companies providing services to, the Issuer or any of its subsidiaries.

(c) An RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Issuer which entitles the holder to receive one Common Share for each RSU after a specified vesting period.

(d) A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Issuer which entitles the holder to receive one Common Share for each DSU on a future date, generally upon termination of service with the Issuer.

(e) A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Issuer which entitles the holder to receive one Common Share for each PSU on a future date, generally upon the achievement of certain performance goals within the Issuer.

(f) The exercise price of any Common Share in respect of which an Option may be granted under the Omnibus Plan shall be fixed by the Board but in all cases shall not be less than the greater of the closing price of the Common Shares on (i) the trading day prior to the date of grant of the Option, and (ii) the date of grant of the Option.

(g) The Board has the authority to determine the vesting terms applicable to grants of Omnibus Plan Awards.

(h) The number of Options granted to any one individual may not exceed 5% of the outstanding listed Common Shares in any 12 month period.

(i) In the case of Options issued to consultants performing investor relations activities, the vesting schedule shall provide for a vesting period of at least 12 months with no more than 1/4 of the Options vesting in any three month period.

(j) The number of Options granted to any one consultant in any 12 month period may not exceed 2% of the issued Common Shares.

(k) Upon expiry of an Option, or if an Option is otherwise terminated for any reason without having been exercised in full, the number of Common Shares in respect of the expired or terminated Option shall again be available for the purpose of the Omnibus Plan.

(l) All Omnibus Plan Awards granted under the Omnibus Plan may not have an expiry date exceeding ten years from the date such Omnibus Plan Awards are granted.

(m) If the holder of an Omnibus Plan Award ceases to be (other than by reason of death or a change of control of the Issuer) an eligible recipient of Omnibus Plan Awards, then the Omnibus Plan Award granted shall expire within a reasonable period of time following the date that the holder ceased to be an eligible recipient of Omnibus Plan Award. Such reasonable period shall be determined by the Board, but in any event shall not exceed (i) the original expiry date of such Omnibus Plan Award, and (ii) the date that is 90 days after the holder ceases to be an eligible recipient.

(n) If the holder of an Omnibus Plan Award ceases to be an eligible recipient of Omnibus Plan Awards by reason of death, the holder's heirs or administrators shall have until the earlier of:

(i) one year from the death of the holder; and

(ii) the expiry date of the Omnibus Plan Award,

in which to exercise any portion of Omnibus Plan Awards outstanding at the time of death of the holder.

(o) Upon a change of control, the Issuer may, without the consent of any holder of Omnibus Plan Awards, take such steps as it deems necessary or desirable, including to cause (i) the conversion of any outstanding Omnibus Plan Award into rights of a resulting entity, (ii) the vesting or termination of any outstanding Omnibus Plan Award, or (iii) any combination of the foregoing.

(p) The Omnibus Plan will be administered by the Board who will have the full authority and sole discretion to grant Omnibus Plan Awards under the Omnibus Plan to any eligible recipient, including themselves.

(q) All Omnibus Plan Awards are not assignable or transferable by a holder.

(r) The Issuer shall have the authority to deduct and withhold, or require the holder to remit to the Issuer, the amount of any taxes or other required source deductions which the Issuer is required by law or regulation of any governmental authority whatsoever to remit in connection with any granting, vesting or settlement of Omnibus Plan Awards.

(s) The Board may from time to time, and subject to regulatory approval and the terms of the Omnibus Plan, amend or revise the terms of the Omnibus Plan.

9.2 Options Granted

As of the date of this Listing Statement, the Issuer has 1,725,000 Options outstanding.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Issuer's Securities

The Issuer is authorized to issue an unlimited number of Common Shares without par value. As at the date of this Listing Statement, there are 62,259,838 Common Shares issued and outstanding as fully paid and non-assessable shares.

A further 2,556,984 Common Shares have been reserved and allotted for issuance upon the due and proper exercise of the Issuer's Warrants. Each Warrant entitles the holder thereof to purchase one Common Share in the capital of the Issuer as follows:

Number of Warrants	Exercise Price	Expiry Date
2,532,000(1)	$0.50	February 1, 2023
24,984(1)	$0.50	September 10, 2022
2,556,984		

Note:

(1) Issued to former HYTN warrant holders in connection with HYTN Acquisition.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors. The holders of Common Shares are entitled to one vote per Common Share at meetings of the shareholders and, upon liquidation, dissolution or winding up of the Issuer, whether voluntary or involuntary, to share equally such assets of the Issuer as are distributable to the holders of the Common Shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions and there are no provisions which are capable of requiring a security holder to contribute additional capital.

10.2-10.6 Miscellaneous Securities Provisions

None of the matters set out in Sections 10.2 – 10.6 are applicable to the Issuer.

10.7 Prior Sales

<u>The Issuer</u>

The following table lists the issuances of Common Shares and securities exercisable or convertible into Common Shares of the Issuer within the 12 months before the date of the Listing Statement:

Date	Number and Type of Securities Issued	Issue Price / Exercise Price ($)	Aggregate Issue Price / Exercise Price	Nature of Consideration
Closing Date	38,968,920 Common Shares	$0.35	$13,639,122	Issued to former NumberCo shareholders in connection with NumberCo Acquisition
Closing Date	24,984 Warrants	$0.50	$12,492	Issued to former holders of NumberCo Brokers' Warrants in connection with NumberCo Acquisition
Closing Date	15,532,000 Common Shares	$0.35	$5,436,200	Issued to former HYTN shareholders in connection with HYTN Acquisition

Date	Number and Type of Securities Issued	Issue Price / Exercise Price ($)	Aggregate Issue Price / Exercise Price	Nature of Consideration
Closing Date	2,532,000 Warrants	$0.50	$1,266,000	Issued to former HYTN warrant holders in connection with HYTN Acquisition
Closing Date	5,092,782 Common Shares	$0.35	$1,782,474	Shares for debt settlement(2)
July 6, 2021	1,330,000 Common Shares	$0.175	$232,750	Cash for debt settlement(1)

Notes:

(1) On May 14, 2021, the Issuer entered into a debt settlement agreement with certain creditors, pursuant to which the Issuer discharged an aggregate total indebtedness of $232,750 through the issuance of 1,330,000 Common Shares at a deemed price of $0.175 per Common Share.

(2) On the Closing Date, the Issuer entered into debt settlement agreements with certain creditors, pursuant to which the Issuer discharged an aggregate total indebtedness of $1,782,474 through the issuance of 5,092,782 Common Shares at a deemed price of $0.35 per Common Share.

HYTN

The following table lists the issuances of Class A Shares of HYTN and securities exercisable or convertible into Class A Shares of HYTN within the 12 months before the date of the Listing Statement:

Date	Number and Type of Securities Issued	Issue Price / Exercise Price ($)	Aggregate Issue Price / Exercise Price	Nature of Consideration
February 1, 2021	2,532,000 Units(1)	$0.25	$633,000	Cash

Note:

(1) Each Unit was composed of one Class A Share and one (1) Class A Share purchase warrant, exercisable at $0.50 for 2 years from issuance.

AmalCo

The following table lists the issuances of common shares of AmalCo and securities exercisable or convertible into common shares of AmalCo within the 12 months before the date of the Listing Statement:

Date	Number and Type of Securities Issued	Issue Price / Exercise Price ($)	Aggregate Issue Price / Exercise Price	Nature of Consideration
October 25, 2021	12,260,464 Common Shares(1)	$0.35	$4,291,162	Cash

Date	Number and Type of Securities Issued	Issue Price / Exercise Price ($)	Aggregate Issue Price / Exercise Price	Nature of Consideration
September 10, 2021	1,708,356 Common Shares(1)	$0.35	$597,925	Cash
September 10, 2021	24,984 NumberCo Brokers' Warrants(2)	$0.50	$12,492	NumberCo Brokers' Warrants issued in connection with private placement
June 21, 2021	20,000,000 Common Shares(1)	$0.02	$400,000	Cash
June 21, 2021	5,000,000	$0.02	$100,000	Issued as payment for services rendered by Jason Broome and Elliot McKerr
May 20, 2021	100 Common Shares	$0.01	$1	Cash

Notes:

(1) Issued by NumberCo pursuant to a private placement. See "*General Development of the Business – AmalCo*".

(2) Issued in connection with the NumberCo Private Placement. See "*General Development of the Business – AmalCo*". Each NumberCo Brokers' Warrant is exercisable at a price of $0.50 until September 10, 2022.

10.8 Stock Exchange Price

The Common Shares are listed on the NEX board of the TSXV under the symbol "MMO.H". The following table sets out the price ranges and trading volume on the TSXV of the Common Shares for the periods indicated:

Period	High ($)	Low ($)	Trading Volume
February 1 - 11, 2022	0.305	0.305	Nil
January, 2022	0.305	0.305	Nil
December 2021	0.305	0.305	Nil
November 2021	0.305	0.305	Nil
October 2021	0.305	0.305	Nil
September 2021	0.305	0.305	Nil
August 2021	0.305	0.305	Nil
Quarter Ended July 31, 2021	0.4	0.15	245,855
Quarter Ended April 30, 2021	0.8	0.04	27,720
Quarter Ended January 31, 2021	0.04	0.04	15,000
Quarter Ended October 31, 2020	0.04	0.04	694

Period	High ($)	Low ($)	Trading Volume
Quarter Ended July 31, 2020	0.065	0.02	2,980
Quarter Ended April 30, 2020	0.12	0.045	14,863
Quarter Ended January 31, 2020	0.12	0.025	5,300

11. ESCROWED SECURITIES

To the knowledge of the Issuer, none of the Common Shares are currently held in escrow or subject to any escrow agreement. The following securities are subject to resale restrictions or voluntary lock-up hold periods as indicated in connection with the Acquisitions:

Description of Security	Number of Securities	Type of Resale Restriction
Common Shares issued to former creditors of the Issuer in connection with a debt settlement, pursuant to which the Issuer discharged a debt in the amount of $1,782,474	5,092,782 Common Shares	Four (4) month hold period(1)
Common Shares issued to former NumberCo shareholders in connection with the NumberCo Acquisition	2,500,000 Common Shares	Four (4) month hold period(2)
Common Shares issued to former NumberCo shareholders in connection with the NumberCo Acquisition	2,500,000 Common Shares	Twelve (12) month hold period(3)
Common Shares issued to former HYTN shareholders in connection with the HYTN Acquisition	13,000,000 Common Shares	36 month lock-up with six month initial hold(4)
Securities issued to (i) former HYTN shareholders and warrantholders in connection with the HYTN Acquisition, and to (ii) former NumberCo shareholders in connection with the NumberCo Acquisition	16,865,334 Common Shares 2,532,000 Warrants	18 month lock-up(5)
Common Shares issued to former NumberCo shareholders in connection with the NumberCo Acquisition	5,666,766	36 month lock-up(6)
Total Securities	**45,624,882**	

Notes:

(1) The securities become free trading four months from the Closing Date.
(2) The securities become free trading four months from the Listing Date.
(3) The securities become free trading twelve months from the Listing Date.
(4) The securities will be subject to the following hold periods: (i) 10% will be released on the date that is 6 months following the Listing Date; (ii) 15% will be released on the date that is 12 months following the Listing Date; (iii) 15% will be released on the date that is 18 months following the Listing Date; (iv) 15% will be released on the date that is 24 months following the Listing Date; (v) 15% will be released on the date that is 30 months following the Listing Date; (vi) 15% will be released on the date that is 36 months following the Listing Date; and (vii) 15% will be released on the date that is 42 months following the Listing Date.

(5) The securities will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date.
(6) The securities will be subject to the following hold periods: (i) 10% will be released on the Listing Date; (ii) 15% will be released on the date that is 6 months following the Listing Date; (iii) 15% will be released on the date that is 12 months following the Listing Date; (iv) 15% will be released on the date that is 18 months following the Listing Date; (v) 15% will be released on the date that is 24 months following the Listing Date; (vi) 15% will be released on the date that is 30 months following the Listing Date; and (vii) 15% will be released on the date that is 36 months following the Listing Date.

12. PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

To the knowledge of the Issuer, no person or company beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the Issuer carrying more than 10% of the voting rights attached to the voting securities of the Issuer either (a) as of the date of this Listing Statement or (b) after giving effect to the Acquisitions.

For more information regarding securities of the Issuer that will be held by directors and officers of the Issuer after giving effect to the Acquisitions, please "*Directors and Officers*".

12.3 Voting Trusts

To the knowledge of the Issuer, no voting trust exists within the Issuer such that more than 10% of any class of voting securities of the Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

12.4 Associates and Affiliates

To the knowledge of the Issuer, no principal shareholder is an associate or affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1-13.5 Directors and Officers

The following table sets out the names, municipalities of residence, the number and percentage of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, the offices held with the Issuer and the principal occupations of the directors and executive officers during the past five years:

Name and Municipality of Residence and Position	Present Occupation and Positions Held During the Last Five Years	Commencement of term as Director / Officer	Number of Common Shares Owned (3)	Percentage of Issued and Outstanding Common Shares(3)
Elliot McKerr Vancouver, BC *Director and Chief Executive Officer*	CEO of HYTN since September 2019 Founder and President of Full Pint Ventures from January 2016 to January 2021 Founder and Director of Electric Bicycle	Closing Date	4,483,333	7.20%

Name and Municipality of Residence and Position	Present Occupation and Positions Held During the Last Five Years	Commencement of term as Director / Officer	Number of Common Shares Owned (3)	Percentage of Issued and Outstanding Common Shares(3)
	Brewing Inc. since January 2016			
Paul More Vancouver, BC *Chief Financial Officer and Corporate Secretary*	CFO of HYTN since October 2021 Chartered Professional Accountant and CFO consulting services	Closing Date	100	0.00%
Jason Broome Kelowna, BC *Director and Chief Operating Officer*	COO of HYTN since October 2020 Chief Research and Innovation Officer The Flowr Corporation from March 2019 to January 2020	Closing Date	4,483,333	7.20%
Eli Dusenbury(1) Vancouver, BC *Director*	Chartered Professional Accountant and CFO of various public companies	Closing Date	0	0.00%
Vic Neufeld(1) Toronto, ON *Director*	CEO Aphria Inc. from May 2014 to March 2019 Chairman Naturelle Science Inc. from June 2014 to March 2019	Closing Date	571,429	0.92%
Dennis Staudt(1)(2) Toronto, ON *Director*	Vice President Staudt Farms Ltd. since September 2008 Retired Partner at PricewaterhouseCoopers LLP (retired since June 2012)	Closing Date	0	0.00%
Total			**9,538,195**	**15.32%**

Notes:
(1) Denotes a member of the Audit Committee.
(2) Chair of the Audit Committee.
(3) Based on 62,259,838 Common Shares issued and outstanding upon completion of the Acquisitions.

The Issuer has an Audit Committee consisting of the following members:

(a) Eli Dusenbury;

(b) Vic Neufeld; and

(c) Dennis Staudt (Chair).

The Issuer's Board has adopted a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with NI 52-110. The principal duties and responsibilities of the Audit Committee are to assist the Issuer's Board in discharging the oversight of:

- the integrity of the Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;

- the Issuer's compliance with legal and regulatory requirements;
- the Issuer's external auditors' qualifications and independence;
- the work and performance of the Issuer's financial management and its external auditors; and
- the Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Issuer's Board.

The Audit Committee has access to all books, records, facilities, and personnel and may request any information about the Issuer as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Issuer's Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Issuer is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of its reporting obligations under NI 52-110.

13.6 Corporate Cease Trade Orders or Bankruptcies

No director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7-13.8 Penalties or Sanctions

No director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 Personal Bankruptcies

No director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.10 Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Issuer also holding positions as directors or officers of other companies. Some of the individuals who are the directors and officers of the Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Issuer will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

13.11 Management

The following are brief biographies for all directors and officers of the Issuer:

Elliot McKerr - *(CEO and Director, Full Time, Employee), Vancouver, BC (age 37).*

With more than 10 years in Ready to Drink (RTD) production, beverage entrepreneurship and brand development, Elliot has an exceptional and uncommon mix of operational and executive expertise. For the last four years Elliot has lead the build and operations of Electric Bicycle Brewing. He obtained a Bachelors of Business Administration and Marketing in 2009 from the University of British Columbia. Elliot has entered into a non-competition or non-disclosure agreement with the Issuer and devotes 100% of his time to the Issuer.

Jason Broome - *(COO and Director, Full Time, Employee), Vancouver, BC (age 50).*

Jason holds a M.Sc. in Molecular Genetics and has more than 15 years' experience in Pharmaceuticals, Medicals Devices and Cannabis including building and leading operational, regulatory and quality systems. For the last three years Jason cofounded and served as SVP - Operations and Chief Research and Innovation Officer at The Flowr Corporation (TSXV:FLWR). He obtained a Bachelor's Degree in Molecular Genetics from the University of British Columbia in 1993 and a Master's Degree in Genetics from the University of Ottawa in 1999. Jason has entered into a non-competition or non-disclosure agreement with the Issuer and devotes 100% of his time to the Issuer.

Paul More - *(CFO and Corporate Secretary, Part Time, Employee), Vancouver, BC (age 35).*

Paul More, CPA, CA is a finance and accounting professional with over 10 years of combined experience in both public and private sectors. Prior to joining the Company, Mr. More provided CFO consulting and accounting services to clients in the health, pharmaceutical, technology, mining and real estate sectors. Paul has entered into a non-disclosure agreement with the Issuer and devotes 50% of his time to the Issuer.

Eli Dusenbury - *(Director), Vancouver, BC (age 39).*

Eli has extensive experience in public accounting providing services to public and private sectors reporting in Canada and in the U.S., over a broad range of industries, including technology, agriculture, engineering, mining and exploration, manufacturing and financing. Eli holds a CPA designation and a BBA in Business and Accounting. He has served as a CFO with a number of public companies: Integral Technologies, Inc., YDX Innovation Corp., Isodiol International Inc., Chemesis International Inc., IMC International Mining Corp., Havn Life Sciences Inc. and Telecure Technologies Inc. He obtained a Bachelor of Business Administration in Accounting and Finance from the Capilano University in 2009. Eli has entered into a non-disclosure agreement with the Issuer and will devote such time to the Issuer as is required under his fiduciary obligations to the Issuer.

Vic Neufeld - *(Director), Vancouver, BC (age 67).*

As the former CEO of Aphria and Jamieson Laboratories, Vic brings decades of management experience and expertise to the team. Vic's extensive background in developing and running public organizations is combined with an expert knowledge of the cannabis landscape in Canada and abroad. He obtained a Master of Business Administration from the University of Windsor and a Bachelor's Degree in Accounting and Finance from the University of Western Ontario. Vic has entered into a non-disclosure agreement with the Issuer and is also prevented from competing with the Issuer pursuant to his fiduciary obligations under the BCBCA. He will devote such time to the Issuer as is required under his fiduciary obligations to the Issuer.

Dennis Staudt – *(Director), Toronto, ON (age 67).*

With over 30 years as a managing partner at PricewaterhouseCoopers LLC Dennis provides an expert level understanding of financial and risk analysis. In recent years he has leveraged his knowledge into the greenhouse, cannabis and adaptogen sectors. Dennis obtained a Honours Bachelor of Commerce in Accounting from the University of Windsor in 1977 and a Bachelor of Arts in Economics from the University of Windsor in 1977. Dennis has entered into a non-disclosure agreement with the Issuer and is also prevented from competing with the Issuer pursuant to his fiduciary obligations under the BCBCA. He will devote such time to the Issuer as is required under his fiduciary obligations to the Issuer.

14. CAPITALIZATION

Following completion of the Acquisition, the Issuer's capitalization is as follows:

14.1 Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	62,259,838	78,441,822	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	20,726,353	22,038,095	33.29%	27.84%
Total Public Float (A-B)	41,533,485	56,403,727	66.71%	71.91%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	40,841,872	54,466,872	65.60%	69.44%
Total Tradeable Float (A-C)	21,417,966	23,974,950	34.40%	30.56%

Public Securityholders (Registered)

For the purposes of this table, "public securityholders" does not include persons enumerated in section (B) of the *Issued Capital* table above:

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	193	1,904
100 – 499 securities	67	7,602
500 – 999 securities	109	58,260
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	9	18,250
3,000 – 3,999 securities	1	3,250
4,000 – 4,999 securities	-	-
5,000 or more securities	131	41,444,219
TOTAL	**510**	**41,533,485**

Public Securityholders (Beneficial – CAD & U.S.)

For the purposes of this table, "public securityholders" does not include persons enumerated in section (B) of the *Issued Capital* table above:

Class of Security

	Number of holders	**Total number of securities**
1 – 99 securities	183	1,904
100 – 499 securities	65	7,602
500 – 999 securities	109	58,260
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	9	18,250
3,000 – 3,999 securities	1	3,250
4,000 – 4,999 securities	-	-
5,000 or more securities	117	41,444,219
TOTAL	**485**	**41,533,485**

Non-Public Securityholders (Registered)

For the purposes of this table, "non-public securityholders" are persons enumerated in section (B) in the *Issued Capital* table.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	-	-
100 – 499 securities	1	100
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	20,726,253
TOTAL	**7**	**20,726,353**

14.2 Convertible/Exchangeable Securities

The Issuer has the following outstanding securities convertible or exchangeable into Common Shares:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants(1)	2,532,000	2,532,000
Warrants(2)	24,984	24,984
Options(3)	1,725,000	1,725,000
Performance Warrants(4)	10,000,000	10,000,000
Restricted Share Units(5)	1,900,000	1,900,000
TOTAL	**16,181,984**	**16,181,984**

Notes:

(1) These warrants were issued to former warrant holders of HYTN upon completion of the HYTN Acquisition. Each warrant is exercisable at $0.50 until February 1, 2023.

(2) These warrants were issued to former warrant holders of HYTN upon completion of the HYTN Acquisition. Each warrant is exercisable at $0.50 until September 10, 2022.

(3) These options were issued to employees, directors, officers, and consultants of the Issuer. Each option is exercisable at $0.35 and vests in accordance with the option agreements.

(4) These performance warrants were issued to directors and officers of the Issuer. Each performance is exercisable at $0.05 until the date which is 5 years from the Closing Date and vests in accordance with milestones per the performance warrant agreements.
(5) These restricted share units were issued to employees, directors, officers, and consultants of the Issuer. Each restricted share unit vests in accordance with the restricted share unit agreements.

14.3 Other Listed Securities

The Issuer has no other listed securities reserved for issuance that are not included in Section 14.2.

15. EXECUTIVE COMPENSATION

General

The purpose of this section is to describe the compensation of certain named executive officers of the Issuer and the directors of the Issuer for the most recently completed financial years of the Issuer in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* published by the Canadian Securities Administrators. When used in this section, "**Named Executive Officers**" or "**NEOs**" means:

(a) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the Issuer and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

The directors and officers of the Issuer for the financial year ended January 31, 2021 were: S. John Kim (CEO and Director), Peter Jens Kohl (CFO, Corporate Secretary and Director), David Melillo (Director), and Rick Brar (Director).

The directors and officers of the Issuer as of the date of this Listing Statement are: Elliot McKerr (CEO and Director), Paul More (CFO and Corporate Secretary), Jason Broome (COO and Director), Eli Dusenbury (Director), Vic Neufeld (Director), and Dennis Staudt (Director).

Overview

The Issuer's compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that the Issuer's performance is dependent upon its ability to retain highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage the business of the Issuer. The Issuer also recognizes that the various components of its compensation program must be sufficiently flexible to adapt to unexpected developments in the mining industry and the impact of internal and market-related occurrences from time to time.

Compensation Components

The Issuer's executive compensation program is comprised of the following components: (a) base salary, and (b) equity incentives.

The compensation components are designed to address the following key objectives:

- align compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits are used as a basis for assessing the overall competitiveness of the Issuer's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Issuer's compensation program, management and the board of directors rely on their concurrent and past experiences and collective knowledge. With that background, ultimate determinations as to executive compensation are based on (i) informal discussion among board members and management, (ii) negotiation with the executive in question and (iii) a view to what is in the best interests of the Issuer and its various stakeholders. The Issuer does not employ any formal benchmarking procedures in determining executive compensation.

The Board of Directors did not consider the implications of the risks associated with the Issuer's compensation practices; however, given the Issuer's size and nature of compensation provided to its executives in the last fiscal year, the Board of Directors does not view significant risk that would be likely to have a material adverse effect on the Issuer. The Issuer's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Issuer granted as compensation or held, directly or indirectly, by management.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that is established at the time when an officer, employee or consultant joins the Issuer. The Board of Directors periodically reviews compensation levels to determine if adjustments are necessary.

Equity Incentives

The Issuer has in effect the Omnibus Plan in order to provide effective incentives to directors, officers, senior management personnel, consultants, and employees of the Issuer and to enable the Issuer to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for shareholders.

Summary Compensation Table

The following table sets out information concerning the compensation accrued to the Issuer's NEOs and directors for the two most recently completed financial years.

Name and principal position	Year	Salary (CDN$)	Share-based awards ($)	Option-based awards ($)[1]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
S. John Kim[2] CEO and Director	2021 2020	60,000 60,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	60,000 60,000
Peter Jens Kohl[3] CFO, Corporate Secretary and Director	2021 2020	14,400 10,800	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	14,400 10,800
David Melillo[4] Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Rick Brar[5] Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Chung Keung (Steve) Loo[6] Former CEO and Director	2021 2020	30,000 60,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	30,000 60,000
Eva Luk[7] Former Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:
(1) The value of Options granted is calculated by subtracting the exercise price of each Option from the closing price of the Common Shares on the last day of the fiscal year in which the Options were granted.
(2) S. John Kim was re-appointed as the CEO following the Issuer's AGM held on December 20, 2021 and resigned as CEO effective upon completion of the Acquisitions. Prior to this, S. John Kim served as the CFO of the Issuer.
(3) Peter Jens Kohl was re-appointed as the CFO and Corporate Secretary following the Issuer's AGM held on December 20, 2021 and resigned effective upon completion of the Acquisitions. Prior to this, Peter Jens Kohl served as a Director of the Issuer.
(4) David Melillo was elected as a Director during the Issuer's AGM held on November 27, 2020 and resigned effective October 22, 2021.
(5) Rick Brar was elected as a Director on May 13, 2021 and resigned effective upon the completion of the Acquisitions.
(6) Chung Keung (Steve) Loo held the positions of Chief Executive Officer and Director until his retirement on November 27, 2020.
(7) Eva Luk served as a Director from December 31, 2019 to November 27, 2020.

External Management Companies

The Issuer does not presently have any arrangements with any external management company to provide executive management services to the Issuer. Management functions of the Issuer are substantially performed by directors or executive officers.

Stock Options and Other Compensation Securities

In connection with the Acquisitions, 1,725,000 Options were granted to directors and NEOs under the Omnibus Plan. There were no Options exercised by a director or NEO during the financial years ended January 31, 2021 and 2020.

Compensation Securities Table

The following table sets forth particulars of all compensation securities granted or issued to each NEO and director of the Issuer as of the date of this Listing Statement:

Name and Position	Type of Compensation on Security	Number of compensation securities, number of underlying securities	Date of issue or grant	Issue, conversion or exercise price ($)	Expiry date
Elliot McKerr CEO and Director	Options	200,000	Closing Date	$0.35	See note(1)
	Restricted Share Units	200,000	Closing Date	n/a	See note(1)
	Performance Warrants	5,000,000	Closing Date	$0.05	See note(1)
Paul More CFO and Corporate Secretary	Options	200,000	Closing Date	$0.35	See note(1)
	Restricted Share Units	100,000	Closing Date	n/a	See note(1)
Jason Broome COO and Director	Options	200,000	Closing Date	$0.35	See note(1)
	Restricted Share Units	200,000	Closing Date	n/a	See note(1)
	Performance Warrants	5,000,000	Closing Date	$0.05	See note(1)
Eli Dusenbury Director	Restricted Share Units	200,000	Closing Date	n/a	See note(1)
Vic Neufeld Director	Restricted Share Units	1,000,000	Closing Date	n/a	See note(1)
Dennis Staudt Director	Restricted Share Units	200,000	Closing Date	n/a	See note(1)
S. John Kim Former CEO and Director	N/A	Nil	N/A	N/A	N/A
Peter Jens Kohl Former CFO, Corporate	N/A	Nil	N/A	N/A	N/A

Secretary and Director					
David Melillo Former Director	N/A	Nil	N/A	N/A	N/A
Rick Brar Former Director	N/A	Nil	N/A	N/A	N/A

Notes:

(1) Options will expire in accordance with the terms of the option agreement governing the grant of such options.

Employment, Consulting and Management Agreements

Pursuant to a consulting agreement dated February 1, 2015 between the Issuer and a private company controlled by Mr. S. John Kim (the "**Kim Agreement**"), the Issuer retained the services of Mr. Kim to act as the CFO. Pursuant to the terms of the Kim Agreement, the Issuer paid a monthly fee of $5,000, plus applicable taxes. The Kim Agreement terminated on the Closing Date.

Termination and Change of Control Based Compensation

Other than as indicated above relating to the Kim Agreement, none of the Issuer's NEOs are entitled to any additional or special compensation or remuneration on the termination of their engagement with the Issuer.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1-16.2 Indebtedness

There is no individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

17. RISK FACTORS

17.1 Risk Factors

An investment in the Issuer involves a number of risks and is considered a 'high risk' investment. You should carefully consider the following risks and uncertainties in addition to other information in this Listing Statement in evaluating the Issuer and its business before making any investment decision in regards to the Common Shares. The Issuer's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Issuer. Additional risks not presently known to us may also impair its business operations.

Business and Operations Risks

Limited Operating History

HYTN has a limited operating history upon which its business and future prospects may be evaluated. HYTN is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for HYTN to meet future operating and debt service requirements, HYTN needs to be successful in its growing, marketing and sales efforts. Additionally, where HYTN experiences increased production and future sales, HYTN's current operational infrastructure may require changes to scale HYTN's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. If HYTN's products are not accepted by new customers, HYTN's operating results may be materially and adversely affected.

Potential Undisclosed Liabilities Associated with the Acquisitions

Upon completion of the Acquisitions, HYTN and AmalCo became direct wholly-owned subsidiaries of the Issuer and continued to have the liabilities that existed prior to completion of the Acquisitions. There may be liabilities of HYTN or AmalCo that the Issuer failed to discover or was unable to accurately assess or quantify during its due diligence.

Managing Growth

In order to manage growth and change in strategy effectively, the Issuer must (a) maintain adequate systems to meet future customer demands; (b) expand sales and marketing, distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Issuer expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Product Liability

As a distributor of products designed to be ingested by humans, the Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of the Issuer's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. A product liability claim or regulatory action against HYTN or the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of HYTN and the Issuer. There can be no assurances that the Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

Distribution or Supply Chain Interruptions

HYTN is susceptible to risks relating to distributor and supply chain interruptions. Distribution in Canada is largely accomplished through independent contractors, therefore, an interruption (e.g., a labour strike) for any length of time affecting such independent contractors may have a significant impact on HYTN's ability to sell its products. Supply chain interruptions, including a production or inventory disruption, could impact product quality and availability. Inherent to producing products is a potential for shortages or surpluses in future years if demand and supply are materially different from long-term forecasts. The Issuer monitors category trends and regularly reviews maturing inventory levels.

Product Recalls

Manufacturers, producers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of HYTN's products are recalled due to an alleged product defect or for any other reason, HYTN could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. HYTN may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Although HYTN's suppliers have detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if HYTN is subject to recall, the public image of HYTN could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for HYTN's products and could have a material adverse effect on the results of operations and financial condition of HYTN and the Issuer. Additionally, product recalls may lead to increased scrutiny of HYTN's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses and potential legal fees and other expenses.

Reporting Issuer Status

From the date of incorporation to the date of this Listing Statement, HYTN and AmalCo have not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSXV or the CSE. As a reporting issuer, the Issuer is subject to reporting requirements under applicable securities laws and stock exchange policies. HYTN and AmalCo have worked with its legal, accounting and financial advisors to identify those areas in which changes should be made to financial management control systems to manage its obligations as subsidiaries of a public company. Compliance with these requirements has increased legal and financial compliance costs, makes some activities more difficult, time consuming or costly and increases demand on existing systems and resources. Among other things, the Issuer is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Issuer's business and results of operations. The Issuer may need to hire additional employees to comply with these requirements in the future, which will increase its costs and expenses. Being a reporting issuer makes it more expensive to maintain director and officer liability insurance. This factor could make it more difficult for the Issuer to retain qualified directors and executive officers.

Dependence on Future Financings

There is no assurance that the Issuer will operate profitably or will generate positive cash flow in the future. The Issuer will require additional financing in order to proceed with its business goals and objectives. The Issuer will also need more funds if its operating costs are greater than the Issuer has anticipated. The Issuer will require additional financing to sustain its business operations if it is not successful in earning revenues. The Issuer will also need further financing if it decides to expand its business. The Issuer currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Issuer's future is dependent upon its ability to obtain financing. If the Issuer does not obtain such financing, its business could fail and investors could lose their entire investment.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Issuer's management team could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Issuer's business and operating results. At present and for the near future, HYTN will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require HYTN to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and HYTN may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, if and when the Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal Proceedings

From time to time, the Issuer may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Issuer will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Issuer's financial results.

Regulatory Compliance Risks

Achievement of the Issuer's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Issuer may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Competition

The Issuer's competition includes large established cannabis and beverage companies with substantial capabilities and with greater financial and technical resources than the Issuer. As a result of this competition, the Issuer may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Issuer may also have to compete with the other companies for the recruitment and retention of qualified managerial and technical employees. If the Issuer is unable to successfully compete for financing or for qualified employees, the Issuer's operations may be slowed down or suspended, which may cause the Issuer to cease operations as a company.

Human Error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Issuer's interests and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to the Issuer. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Issuer might undertake and legal claims for errors or mistakes by the Issuer personnel.

Dependence on Management

The Issuer is very dependent upon the personal efforts and commitment of its directors and officers. If one or more of the Issuer's executive officers becomes unavailable for any reason, a severe disruption to the business and operations of the Issuer could result and the Issuer may not be able to replace them readily, if at all. As the Issuer's business activity grows, the Issuer will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that the Issuer will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Issuer is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Issuer's future cash flows, earnings, results of operations and financial condition.

Other Engagements

The Issuer's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Issuer's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Issuer may be periodically interrupted or delayed as a result of its officers' other business interests.

Conflicts of Interest

Certain of the directors and officers of the Issuer are, and may continue to be, involved in the cannabis or beverage industries through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Issuer. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Issuer. Directors and officers of the Issuer with conflicts of interest will be subject to the procedures set out in the BCBCA.

Environmental Risks and Other Regulatory Requirements

The operations of the Issuer, including the development and manufacture of products on its property or properties, requires permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing cannabis, food and beverage, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, and other matters. There can be no assurance that all permits which the Issuer may require for the conduct of its operations are or will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any project which the Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in cannabis and beverage operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or production costs or reduction in levels of production or require abandonment or delays in the development and manufacture of products.

Public Health Crisis

The Issuer's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency and on March 12, 2020, the World Health Organization declared the outbreak a pandemic. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity across the world. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for cannabis and beverage products, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Issuer of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Issuer is uncertain and these factors are beyond the Issuer's control; however, it is possible that COVID-19 may have a material adverse effect on the Issuer's business, results of operations and financial condition.

Liquidity

Liquidity risk is the risk that the Issuer will not be able to meet its financial obligations as they fall due. The Issuer has a planning and budgeting process in place to help determine the funds required to support the Issuer's normal operating requirements on an ongoing basis. Historically, the Issuer's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Issuer's access to financing is uncertain. There can be no assurance of continued access to significant equity funding.

Risks Related to Common Shares

No Return on Common Shares

The Issuer intends to retain any future earnings to finance the development and expansion of its business. The Issuer does not anticipate paying any cash dividends on its Common Shares in the near future. Unless the Issuer pays dividends, its shareholders will not be able to receive a return on their shares unless they sell them.

Market Volatility

The market price of a publicly traded security is affected by many variables in addition to those directly related to the success of the Issuer's business, some of which are outside of the Issuer's control. Such factors include the general condition of markets for cannabis stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, analysts' recommendations and their estimates of financial performance, investor perception and reactions to disclosure made by the Issuer and by the Issuer's competitors, and the breadth of the public markets for the stock. Therefore, investors could suffer significant losses if the Common Shares are depressed or illiquid when an investor seeks liquidity.

Analyst Coverage

The trading market for the Common Shares depends, to some extent, on the research and reports that securities or industry analysts publish about the Issuer or its business. The Issuer does not have any control over these analysts. If one or more of the analysts who covers the Issuer should downgrade the Common Shares or change their opinion of the Issuer's business prospects, the Issuer's share price would likely decline. If one or more of these analysts ceases coverage of the Issuer or fails to regularly publish reports on the Issuer, the Issuer could lose visibility in the financial markets, which could cause the Issuer's share price or trading volume to decline.

Reduced Ability to Raise Capital

A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares and a reduction in the Issuer's ability to raise capital. Because a significant portion of its operations have been and will be financed through the sale of equity securities, a decline in the price of its Common Shares could be especially detrimental to its liquidity and its operations. Such reductions may force the Issuer to reallocate funds from other planned uses and may have a significant negative effect on its business plan and operations, including its ability to continue its current operations. If its share price declines, the Issuer can offer no assurance that the Issuer will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Issuer is unable to raise sufficient capital in the future, the Issuer may not be able to have the resources to continue its normal operations. The market price for its Common Shares may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Common Shares.

Dividend Policy

No dividends on the Common Shares have been paid by the Issuer to date. The Issuer anticipates that it will retain any earnings and other cash resources for the foreseeable future for the operation and development of its business. The Issuer does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Issuer's operating results, financial condition and current and anticipated cash needs.

Dilution

Issuances of additional securities including, but not limited to, its Common Shares or some form of convertible debentures, may result in a substantial dilution of the equity interests of any shareholders.

Cannabis Industry Risks

Licenses and Permits

The operations of HYTN require it to obtain licenses, and in some cases, renewals of existing licenses and the issuance of permits by certain national authorities in Canada. HYTN believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and also believes that it is complying in all material respects with the terms of such licenses and permits. In addition, HYTN will apply for, as the need arises, all necessary licenses and permits to carry on the activities it expects to conduct in the future. However, the ability of HYTN to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Any loss of interest in any such required license or permit, or the failure of any governmental authority to issue or renew such licenses or permits upon acceptable terms, would have a material adverse impact upon the Issuer.

Legalization of Recreational Cannabis

Bill C-45 received Royal Assent and became law in Canada. Pursuant to Bill C-45, the importation, exportation, production, testing, packaging, labeling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis will remain subject to extensive regulatory oversight. Such extensive controls and regulations may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products.

Reliance on Licenses

HYTN's operations depend on it being granted the appropriate licenses for its ability to store cannabis and other products derived therefrom and the licenses are subject to ongoing compliance, reporting requirements and renewal. Government licenses are currently, and in the future may be, required in connection with HYTN's operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, HYTN may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

New Market

HYTN operates its business in a relatively new industry and market. In addition to being subject to general business risks, HYTN must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry and market could have a material adverse effect on the Issuer's business, financial conditions and results of operations.

Difficulty in Quantifying Cannabis Industry

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Issuer and, few, if any, established companies whose business model the Issuer can follow or upon whose success the Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Issuer. There can be no assurance that the Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Raw Materials and Supply

In the cannabis industry, there is a risk that raw input materials or materials purchased from a third-party processor or producer could be contaminated with pesticides, heavy metals, mycotoxin, and microbial agents.

If the Issuer's licensed processors and co-packagers or other third-party services providers fail to have positive testing results, the Issuer could experience negative adverse effect on its operations and ability to produce and sell its products.

Product Liability

The Issuer would face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, tampering by unauthorized third parties or product contamination with respect to the cannabis used in the Issuer's products may impact the risk of injury to consumers. Previously unknown adverse reactions resulting from human consumption of cannabis infused beverages alone or in combination with other substances could occur. The Issuer may be subject to various product liability claims, including, among others, that their cannabis product caused injury or illness, included inadequate instructions for use or included inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Issuer. There can be no assurances that the Issuer will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Issuer.

Increased Competition

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Issuer in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Issuer to expend greater resources to meet new or additional competitive threats, all of which could harm the Issuer's operating results. As competitors enter the market and become increasingly sophisticated, competition in the industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Issuer has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Issuer's products were subject to recall, the image of that product and the Issuer could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Product Approvals

The Issuer may require advance approval of its products from federal, provincial and/or local authorities. While the Issuer intends to follow the guidelines and regulations of each applicable federal, provincial and/or local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any federal, provincial and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Issuer's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Issuer’s business, financial condition, results of operations or prospects.

Promoting and Maintaining Brands

The Issuer believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Issuer’s products to be of high quality, or if the Issuer introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Issuer will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Issuer may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Issuer incurs significant expenses in an attempt to promote and maintain brands, the business, results of operations and financial condition could be adversely affected.

Research and Development

Before the Issuer can obtain regulatory approval for the commercial sale of new products, it will be required to complete extensive trial testing to demonstrate safety and efficacy. Depending on the exact nature of trial testing, such trials can be expensive and are difficult to design and implement. The testing process is also time consuming and can often be subject to unexpected delays.

The timing and completion of trial testing may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of units and or test subjects for use in trial testing; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of trial testing due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective trial testing sites and subjects; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after testing, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during trial testing; reliance on research organizations to conduct trial testing, which may not conduct such trials with good laboratory practices; or other regulatory delays.

Difficulty in Developing Products

If the Issuer cannot successfully develop, manufacture and distribute new products, or if the Issuer experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Issuer may not be able to develop new market-ready commercial products at acceptable costs, which could adversely affect the Issuer’s ability to effectively continue to compete in the market. A failure by the Issuer to achieve a low-cost structure through economies of scale would have a material adverse effect on the Issuer’s commercialization plans and the Issuer’s business, prospects, results of operations and financial condition.

Regulatory Risks

The cannabis industry is a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

This industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Issuer and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Issuer's earnings and could make future capital investments or its operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

17.2 Additional Security Risk

There is no risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security.

17.3 Other Risks

Subject to the risk factors set out under Part 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Common Shares.

18. PROMOTER

18.1-18.2 Promoter and Promoter Consideration

Elliot McKerr can be characterized as a promoter of the Issuer in that he took the initiative in founding and organizing the business of the Issuer. Mr. McKerr holds 4,483,333 Common Shares of the Issuer (7.20%). For additional information about Mr. McKerr, please see "13. Directors and Officers".

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

To the knowledge of the management of the Issuer, there are no actual or contemplated legal proceedings material to the Issuer to which the Issuer is a party.

19.2 Regulatory Actions

The Issuer is not subject to (a) any penalties or sanctions imposed by any court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof; (b) any other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and (c) any settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Listing Statement, there has been no material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer: (a) any director or officer of the Issuer; (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of outstanding voting securities; and an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditor of the Issuer is Davidson & Company LLP, Chartered Professional Accountants, at its offices located at 1200 – 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, V7Y 1G6.

The auditor of HYTN and NumberCo is Crowe MacKay LLP, Chartered Professional Accountants, at its offices located at 1100 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 4T5.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Issuer is Odyssey Trust Company at its offices located at 350 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

22. MATERIAL CONTRACTS

21.1 Material Contracts

The following is a list of material contracts entered into by the Issuer within the two years before the date of this Listing Statement, other than contracts entered into in the ordinary course of business:

(a) NumberCo Amalgamation Agreement dated February 14, 2022 among the Issuer, MergerCo and NumberCo;

(b) HYTN Exchange Agreement dated January 31, 2022 among the Issuer, HYTN and the security holders of HYTN;

(c) Supply Agreement;

(d) Manufacturing Agreement; and

(e) Promethean Supply Agreement.

23. INTERESTS OF EXPERTS

23.1-23.4 Interests of Experts

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement, holds any direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer.

The auditor of the Issuer, Davidson & Company LLP, Chartered Professional Accountants, is independent of the Issuer in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

The auditor of HYTN and NumberCo, Crowe MacKay LLP, Chartered Professional Accountants, is independent of the Issuer in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer or its respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its respective securities.

25. FINANCIAL STATEMENTS

The Issuer's audited financial statements for the years ended January 31, 2021, 2020 and 2019, and the unaudited financial statements for the nine months ended October 31, 2021 are attached as Appendix A to the Listing Statement and are also available on the SEDAR website under the Issuer's profile at www.sedar.com.

HYTN's audited financial statements for the years ended September 30, 2021, 2020 and 2019 are attached as Appendix B to the Listing Statement.

NumberCo's audited financial statements for the period from incorporation on May 20, 2021 to September 30, 2021 are attached as Appendix C to the Listing Statement.

The Issuer's pro forma financial statements as at October 31, 2021 giving effect to the Acquisitions are attached as Appendix D to the Listing Statement.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, HYTN Innovations Inc., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to HYTN Innovations Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 14th day of February, 2022.

(s) "*Elliot McKerr*"	(s) "*Paul More*"
Elliot McKerr Chief Executive Officer	Paul More Chief Financial Officer
(s) "*Jason Broome*"	(s) "*Eli Dusenbury*"
Jason Broome Director	Eli Dusenbury Director

APPENDIX A: ISSUER FINANCIAL STATEMENTS

[Please see attached]

MOUNT DAKOTA ENERGY CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JANUARY 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mount Dakota Energy Corp.

Opinion

We have audited the accompanying financial statements of Mount Dakota Energy Corp. (the "Company"), which comprise the statements of financial position as at January 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity (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 January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of $225,768 during the year ended January 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by $2,247,354. As stated in Note 1, 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.

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

May 21, 2021

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT JANUARY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

	Note	**January 31, 2021 $**	**January 31, 2020 $**
ASSETS			
CURRENT ASSETS			
Cash		32,259	11,989
Amounts recoverable		9,490	3,703
		41,749	15,692
DEPOSITS	4	76,456	75,708
PROPERTY AND EQUIPMENT	5	-	1
		118,205	91,401
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		87,550	30,938
Due to related parties	8(a-d)	1,868,939	1,733,489
Loans payable	8(e-g)	161,317	101,647
Decommissioning provision	6	171,297	170,457
		2,289,103	2,036,531
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL	7	6,221,154	6,221,154
CONTRIBUTED SURPLUS		387,101	387,101
DEFICIT		(8,779,153)	(8,553,385)
		(2,170,898)	(1,945,130)
		118,205	91,401

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENT (Note 14)
SUBSEQUENT EVENT (Note 15)

Approved and authorized for issue on behalf of the Board:

"David Melillo"
David Melillo, Director

"John Kim"
John Kim, Director

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR YEARS ENDED JANUARY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

	Note	**2021** **$**	**2020** **$**
EXPENSES			
Accretion of decommissioning provision	6	840	1,120
Consulting	8(c)	95,220	121,325
Interest and bank charges	8(f)	6,161	6,093
Legal and accounting	8(a)	68,423	42,701
Office and miscellaneous		761	1,387
Rent	8(b)	36,000	36,000
Transfer agent and filing fees		19,111	16,972
Travel		-	924
		226,516	226,522
LOSS FROM OPERATIONS		(226,516)	(226,522)
Interest income		749	1,498
Gain on write-off of accounts payable	9	-	126,412
Loss on write-off of property, plant & equipment	5	(1)	-
		748	127,910
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(225,768)	(98,612)
Net Loss Per Common Share – Basic and Diluted		(0.2)	(0.1)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		1,336,136	1,336,136

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED JANUARY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
As at January 31, 2019	1,336,136	6,221,154	387,101	(8,454,773)	(1,846,518)
Loss for the year	–	–	–	(98,612)	(98,612)
As at January 31, 2020	1,336,136	6,221,154	387,101	(8,553,385)	(1,945,130)
Loss for the year	–	–	–	(225,768)	(225,768)
As at January 31, 2021	1,336,136	6,221,154	387,101	(8,779,153)	(2,170,898)

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2021 AND 2020

(Expressed in Canadian Dollars)

	2021 **$**	**2020** **$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(225,768)	(98,612)
Items not affecting cash:		
Accretion of decommissioning provision	840	1,120
Interest expense	5,670	5,670
Interest income	(749)	-
Gain on write-off of accounts payable	-	(126,412)
Loss on write-off of property, plant & equipment	1	-
Change in non-cash components of working capital:		
Amounts recoverable	(5,786)	5,058
Accounts payable and accrued liabilities	56,612	5,375
Due to related parties	135,450	140,999
NET CASH USED IN OPERATING ACTIVITIES	(33,730)	(66,802)
INVESTING ACTIVITIES		
Deposits	-	(1,498)
NET CASH USED IN INVESTING ACTIVITIES	-	(1,498)
FINANCING ACTIVITIES		
Advance proceeds from related parties	54,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	54,000	-
INCREASE (DECREASE) IN CASH	20,270	(68,300)
CASH – BEGINNING OF YEAR	11,989	80,289
CASH – END OF YEAR	32,259	11,989

There were no non-cash financing or investing activities during the years ended January 31, 2021 and 2020.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mount Dakota Energy Corp. (the "Company") is incorporated under the laws of British Columbia and is primarily engaged in the acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Canada.

The head office, principal address and records office of the Company are located at 363 West 6th Ave, Vancouver, British Columbia. The Company's registered address is at the same address.

For the year ended January 31, 2021, the Company reported a net loss of $225,768, negative cash flows from operating activities of $33,730, an accumulated deficit of $8,779,153 and a working capital deficiency of $2,247,354. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company is in the process of decommissioning its assets, site rehabilitation and exploring business opportunities outside of the petroleum and natural gas sector.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is currently dependent on loans from companies controlled by directors and its other creditors to maintain its operations. Management is of the opinion that sufficient working capital will be obtained from operations or external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

[a] Statement of compliance

These financial statements of the Company have been prepared in accordance 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").

The financial statements were authorized for issue by the Board of Directors on May 28, 2021.

[b] Basis of measurement

The financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These financial statements no longer include the accounts of the Company and its wholly-owned Canadian subsidiary, Simez Energy Resources Inc. ("Simez"). Simez has been dissolved and struck from the Alberta Registry of Corporations. All significant inter-company transactions and balances have been eliminated upon consolidation.

[b] Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at January 31, 2021 and 2020, the Company had no cash equivalents.

[c] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3(e).

Property and Equipment
The Company evaluates its long-lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[c] Use of estimates and judgments (continued)

Decommissioning Provision
In estimating the future decommissioning provision, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion
Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

[d] Property and equipment

Property and equipment includes petroleum and natural gas development and production assets, including costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Property and equipment is measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[d] Property and equipment (continued)

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Equipment

Furniture and computer equipment are recorded at cost and depreciated using the straight–line method based on their estimated useful lives of 3 years, net of any estimated residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

[e] Exploration and evaluation costs

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs (“E&E”), including the costs of acquiring licenses, exploratory drilling and completion costs and directly attributable general and administrative costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved and probable reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved and probable reserves have been discovered. Upon determination of proved and probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of reserve properties may exceed their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[f] Impairment

The carrying amounts of the Company's property and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

[g] Provisions

(i) Legal matters

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(ii) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

[h] Functional currency and foreign currency translation

The presentation currency and functional currency of the Company and its subsidiary is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[i] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying values and the tax bases of the related assets and liabilities. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

[j] Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include amounts recoverable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, due to related parties and loans payable are classified as amortized cost. The Company does not currently have any FVTPL financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[j] Financial instruments (continued)

(iii) Impairment of financial assets

An expected credit loss model exists for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's cash.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

[k] Share-based payments

The Company grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is contributed surplus.

The fair value of stock options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

[l] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as currency gains or losses related to self-sustaining operations. Comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the statements of loss and comprehensive loss and the statements of changes in shareholder's deficiency.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[m] Basic and diluted loss per share

The Company computes basic loss per share by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For the years ended January 31, 2021 and 2020, the existence of stock options caused the calculation of diluted loss per share to be anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share.

[n] New, amended and future accounting pronouncements

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. DEPOSITS

The Company is required at certain times to remit deposits to the Alberta Energy Regulator to be used for the reclamation of well sites. Upon successful reclamation and receipt of reclamation certificates in accordance with Alberta's Environmental Protection and Enhancement Act, the Company may apply for release of its deposit funds. As at January 31, 2021, the Company has outstanding net deposits of $76,456 (2019 - $75,708).

5. PROPERTY AND EQUIPMENT

		Petroleum and natural gas properties		Furniture and computer equipment		Total
Cost:						
Balance, January 31, 2019	$	122,525	$	10,372	$	132,897
Additions		-		-		-
Change in estimated decommissioning costs		-		-		-
Write down		-		-		-
Balance, January 31, 2020	$	122,525	$	10,372	$	132,897
Additions		-		-		-
Change in estimated decommissioning costs		-		-		-
Write down		122,525		-		122,525
Balance, January 31, 2021	$	-	$	10,372	$	10,372
Accumulated depletion and depreciation:						
Balance, January 31, 2019	$	(122,524)	$	(10,372)	$	(132,896)
Depletion and depreciation		-		-		-
Balance, January 31, 2020	$	(122,524)	$	(10,372)	$	(132,896)
Write down		122,524		-		122,524
Balance, January 31, 2021	$	-	$	(10,372)	$	(10,372)
Net book value:						
As at January 31, 2019	$	1	$	-	$	1
As at January 31, 2020	$	1	$	-	$	1
As at January 31, 2021	$	-	$	-	$	-

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT (continued)

The Company's petroleum and natural gas properties consist of the Alsike I well based in Alberta. The Company holds a 100% working interest in the Alsike I well.

The Company has terminated its discussions with private oil and gas companies which had been interested in acquiring the Company's wellbores and assets on the leases. As a result, management decided to decommission and abandon the wells and consequently wrote its assets off, resulting in total additional loss of $1 charged to operations.

During October 2020, the Company has entered into agreements with engineering companies to assist with its ongoing reclamation efforts in order to be granted reclamation certificates in accordance with Alberta's Environmental Protection and Enhancement Act. (see Note 6 and 13)

6. DECOMMISSIONING PROVISION

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provision associated with the Company's reclamation efforts for its petroleum and natural gas properties:

	January 31, 2021	January 31, 2019
	$	$
Balance, beginning of year	170,457	169,337
Accretion expense	840	1,120
Balance, end of year	171,297	170,457

The estimated net present value of the obligation was calculated using a risk-free interest rate of 0.14% (2019 - 0.72%) based on the Bank of Canada benchmark bond yields corresponding to the estimated time of reclamation and an inflation rate of 1% (2019 - 2%).

7. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited common shares without par value

(b) Issued and Outstanding Share Capital

Changes in common shares issued and outstanding are provided in the statements of changes in shareholders' equity (deficiency).

Subsequent to January 31, 2021, the Company consolidated its common shares on the basis of one (1) post-consolidation common share for ten (10) pre-consolidation common shares (Note 15).

All shares and per share amounts have been retroactively adjusted to reflect the share consolidation.

(c) Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant stock options to its directors, officers, employees and consultants. The number of stock options available under the Plan shall not exceed 20% of the issued and outstanding common shares of the Company.

The exercise price of each stock option granted generally equals the market price on the date of the grant. Stock options generally vest over an eighteen-month period from the date of grant and carry a maximum term of five years as determined by the Company's board of directors.

The Company did not grant any stock options nor had any stock options outstanding during the years ended January 31, 2021 and 2020.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

Due to related parties:

(a) Accounting expense totalling $14,400 (2020 - $10,800) provided by a company controlled by a director of the Company has been paid or accrued during the year. As at January 31, 2021, $9,450 (2020 - $Nil) has been included in due to related parties.

(b) Rent totalling $36,000 (2020 - $36,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at January 31, 2021, $57,000 (2020 - $21,000) has been included in due to related parties.

(c) Consulting expenses totalling $90,000 (2020 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year and assigned to a director of the Company. As at January 31, 2020, $685,750 (January 31, 2020 - $595,750) has been included in due to related parties.

(d) Debt assignment agreements from previous years with parties related to a director of the Company for total amounts owing of $1,116,739 have been reassigned to a director of the Company. As of January, 31, 2021, $1,116,739 (2020 - $1,116,739) has been included in due to related parties.

Loans payable to related parties:

(e) During the years 2014-2018, the Company entered into loan agreements with a director and parties related to a director of the Company to borrow an aggregate of $187,800 at a rate of 15% per annum. During the year, all loan agreements have been transferred to another director of the Company. As of January 31, 2021, $37,800 (2020 - $37,800) of principal is outstanding and included in loans payable.

(f) Interest expense totalling $5,670 (2020 - $5,670) has been included in the statement of loss and comprehensive loss. As at January 31, 2021, $69,517 (2020 - $63,847) has been included in loans payable.

(g) During the year, the Company received non-interest bearing advances totalling $54,000 from a director and a company controlled by a director of the Company. As at January 31, 2021, $54,000 ($Nil – 2020) remains outstanding and is included in loans payable.

9. WRITE-OFF OF ACCOUNTS PAYABLE

During the year ended January 31, 2020, the Company wrote off disputed accounts payable in the amount of $126,412 originated from 2012 or prior, resulting in a gain on write-off of accounts payable.

(Expressed in Canadian Dollars)

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2021	2020
Loss and comprehensive loss	$ (225,768)	$ (98,612)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(61,000)	(27,000)
Non-deductible expenses and other	(1,000)	2,000
Change in unrecognized deferred income tax assets	62,000	25,000
Income tax recovery	$ -	$ -

Significant components of the Company's deferred tax assets are as follows:

	2021	2020
Non-capital losses carried forward	$ 755,000	$ 693,000
Capital losses carried forward	37,000	37,000
Exploration and evaluation assets	320,000	320,000
Property and equipment	28,000	28,000
Unrecognized deferred tax assets	$ 1,140,000	$ 1,078,000

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

	2021	Expiry Dates	2020	Expiry Dates
Temporary Differences	**$**		**$**	
Resource pools and property and equipment	1,289,000	No expiry date	1,289,000	No expiry date
Share issuance costs	2,000	2040 to 2041	2,000	2039 to 2041
Allowable capital losses	138,000	No expiry date	138,000	No expiry date
Non-capital losses available for future periods	2,795,000	2027 to 2041	2,568,000	2027 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and amounts due to related parties. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements. The Company did not change its capital management objectives during the year ended January 31, 2021.

12. SEGMENTED INFORMATION

The Company operates in one industry segment, namely acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Alberta, Canada.

13. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 32,259	$ -	$ 32,259
Amounts recoverable	-	9,490	9,490
Accounts payable and accrued liabilities	-	(87,550)	(87,550)
Due to related parties	-	(1,868,939)	(1,868,939)
Loans payable	-	(161,317)	(161,317)
	$ 32,259	$ (2,102,316)	$ (2,076,057)

	January 31, 2020		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 11,989	$ -	$ 11,989
Amounts recoverable	-	3,703	3,703
Accounts payable and accrued liabilities	-	(30,938)	(30,938)
Due to related parties	-	(1,733,489)	(1,733,489)
Loans payable	-	(101,647)	(101,647)
	$ 11,989	$ (1,862,371)	$ (1,850,382)

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK (continued)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2021 are as follows:

	Balance at January 31, 2021 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	32,259	32,259	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2021, cash balances do not exceed the amounts covered by federal deposit insurance. As at January 31, 2021, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2021, the Company had a working capital deficiency of $2,247,354 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2021, $37,800 (2020 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

14. COMMITMENT

On February 1, 2010 and March 6, 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay annual consideration of $4,000 for the Alsike I property and annual consideration of $8,000 for the Alsike II property, respectively, for a total of five years. Total consideration paid at the end of five years will be $60,000. The Company has made total payments of $34,500 with $25,500 outstanding, previously scheduled to be paid during fiscal year 2021.

On October 28, 2020, the Company entered into a settlement-agreement according to which the Company agreed to pay the amount of $37,000 in full and final settlement for all damages that may have incurred on the surface leases.

Further, the Company will pay $3,000 representing rentals due and owing for period of January 1, 2020 to December 31, 2021.

Settlement	$	37,000
Rentals 2020 - 2021		3,000
	$	40,000

15. SUBSEQUENT EVENT

On February 11, 2021 the Company announced that the TSX Venture Exchange has approved the Company's share consolidation on the basis of one (1) post-consolidated common share for each ten (10) pre-consolidated common shares of the Company. The Consolidation, which was authorized and approved by the board of directors pursuant to a resolution dated December 10, 2020, is effective on February 16, 2021 (the "Effective Date"). The pre-consolidated common shares totaling 13,362,552 have been reduced to 1,336,136 post-consolidated common shares (Note 7).

The following Management Discussion and Analysis ("MD&A") of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") is prepared as of May 21, 2021 and should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2021 and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on the TSX Venture Exchange under the symbol "MMO.V".

Mount Dakota is currently listed on the NEX on the TSX Venture Exchange. The Company is in the process of re-organizing and seeking opportunities outside of the petroleum and natural gas sector. The Company is pursuing the divestment of its petroleum assets. Therefore, the management of the Company wishes to inform shareholders of the Company, and potential shareholders, that shares in the Company should be rated as "highly speculative", and are not suitable for risk adverse individuals or portfolios. Please consult with your registered financial advisor as to the appropriateness of having or holding shares in a "highly speculative" security.

The audited consolidated financial statements as at and for the year ended January 31, 2021, which are discussed in this MD&A, have been prepared in accordance 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").

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the audited annual consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. All dollar amounts included herein are in Canadian dollars except where noted.

OPERATIONS

Mount Dakota did not have any production to report during the year ended January 31, 2021. The Company successfully applied for the Alberta Government's Site Rehabilitation Program Grant (the "SRP") totaling $139,000. The Company used the SRP funding to successfully abandon and decommission its two remaining wells during the year ended January 31, 2021. The Company will apply for additional funding when made available by the SRP for the purposes of completing the reclamation of its three remaining leases.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the year ended January 31, 2021 was $Nil compared to $Nil during the previous year ended January 31, 2020. The Company is exploring business interests outside of the oil and gas sector.

Operating Income	**For year ended January 31, 2021 ($)**	**For year ended January 31, 2020 ($)**
Revenue	-	-
Royalties (Refund)	-	-
Production Costs	-	-
Gross Operating Profit (Loss)	-	-

General and Administrative

General and administrative expenditures for the year ended January 31, 2021 were $226,517 as compared to $226,522 for 2020. As of January 31, 2021, $1,868,939 (2020-$1,733,489) has been accrued to parties related to a director of the Company. The outstanding amounts are non-interest bearing, unsecured and due on demand, (except for see "Interest Rate Risk" below on page 6).

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow from Operations and Net Income (Loss)

For the year ended January 31, 2021, the Company reported loss and comprehensive loss of $225,768 compared to loss and comprehensive loss of $98,612 for the comparative period in 2020.

	Year ended January 31, 2021	2020
Loss for the year	($225,768)	($98,612)
Loss per share	($0.17)	($0.07)

Annual Financial Information

Year Ended	IFRS January 31, 2021	IFRS January 31, 2020	IFRS January 31, 2019
Financial Results			
Oil & Gas Expenditures	$ -	$ -	$ 731
General & Administrative	226,516	226,522	255,169
Loss for the Year	(225,768)	(98,612)	(254,893)
Loss Per Common Share (Basic & Diluted)	(0.17)	(0.07)	(0.24)
Financial Position			
Working Capital (Deficiency)	(2,247,354)	(2,020,839)	(1,920,729)
Petroleum and Natural Gas Properties	-	1	1
Total Assets	118,205	91,401	163,261
Share Capital	6,221,154	6,221,154	6,221,154
Deficit	(8,779,153)	(8,553,385)	(8,454,773)

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS January 31, 2021	IFRS October 31, 2020	IFRS July 31, 2020	IFRS April 30, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Oil & Gas Expenditures	Nil	Nil	Nil	Nil
General & Administrative	47,468	81,630	49,711	47,707
Other Income	95	96	95	462
Total (Loss)	(47,373)	(81,534)	(49,616)	(47,245)
Loss Per Common Share - Basic & Diluted	(0.04)	(0.06)	(0.04)	(0.03)

Three-Month Period Ended	IFRS January 31, 2020	IFRS October 31, 2019	IFRS July 31, 2019	IFRS April 30, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Oil & Gas Expenditures	Nil	Nil	731	Nil
General & Administrative	56,152	54,638	70,741	44,991
Other Income	124	508	250	616
Total (Loss)	69,884	(54,131)	(69,990)	(44,375)
Loss Per Common Share - Basic & Diluted	0.05	(0.04)	(0.05)	(0.03)

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTH PERIOD ENDING JANUARY 31, 2021

The Company had no revenue to report during the three months ended January 31, 2021. The Company's successful abandonment and decommissioning of its oil and gas assets was a significant step in disposing of the Company's liabilities. The reclamation of the leases are the remaining liabilities for the Company to address.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended January 31, 2021, the Company reported a net loss of $225,768, negative cash flows from operating activities of $33,730, an accumulated deficit of $8,779,153 and a working capital deficiency of $2,247,354. These factors raise significant doubt about the Company's ability to continue as a going concern. Under such conditions, the Company does not have sufficient working capital to maintain current operations for at least twelve months. The Company will need to raise capital through the equity markets for the necessary working capital. The Company will continue to rely on the goodwill of management until the Company is in the position to pay management. The Company has paid no dividends to date. The Company has financed operations to date through operations, and through the issuance of common shares to founding directors and other shareholders. The net debt outstanding including amounts due to related parties is $2,289,103.

SHARE CAPITAL

Proceeds of the offering were used for general operating expenditures relating to the Company's oil and gas properties and for repaying certain debts.

As at January 31, 2021, 1,336,136 (share consolidation effective February 16, 2021) common shares are outstanding and no Class A or B preference shares have been issued.

RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $14,400 (2020 - $10,800) provided by a company controlled by a director of the Company has been paid or accrued during the year. As at January 15, 2021, that company entered into a debt-purchase agreement with the director in the amount of $9,450 (2020 - $Nil) which has been included in due to related parties (2020 - $Nil).

(b) Rent totalling $36,000 (2020 - $36,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at January 31, 2021, that company entered into a debt-purchase agreement with the director in the amount of $57,000 (2020 - $Nil) which has been included in due to related parties (2020 - $21,000).

(c) Consulting expenses totalling $90,000 (2020 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year and assigned to a director of the Company. As at January 31, 2021, $685,750 (January 31, 2020 - $595,750) has been included in due to related parties.

(d) Debt assignment agreements from previous years with parties related to a director of the Company for total amounts owing of $1,116,739 have been reassigned to a director of the Company. As of January, 31, 2021, $1,116,739 (2020 - $1,116,739) has been included in due to related parties.

Loan payable to related parties:

(e) During the years 2014-2018, the Company entered into loan agreements with a director and parties related to a director of the Company to borrow an aggregate of $187,800 at a rate of 15% per annum. During the year, all loan agreements have been transferred to another director of the Company. As of January 31, 2021, $37,800 (2020 - $37,800) of principal is outstanding and included in loans payable.

(f) Interest expense totalling $5,670 (2020 - $5,670) has been charged to operations. As at January 31, 2021, $69,517 (2020 - $63,847) has been included in loans payable.

(g) During the year, the Company received non-interest bearing advances totalling $54,000 from a director and a company controlled by a director of the Company. As at January 31, 2021, $54,000 ($Nil – 2020) remain outstanding and are included in loans payable.

BUSINESS PROSPECTS AND OUTLOOK

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company is exploring opportunities to acquire assets and/or businesses beyond the oil and gas sector within which it is currently operating.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination

The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3 (d) to the audited annual financial statements.

Property and Equipment

The Company evaluates its long - lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

Decommissioning Provisions

In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion

Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

As of January 31, 2021, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 32,259	$ -	$ 32,259
Accounts receivable	-	9,490	9,490
Accounts payable and accrued liabilities	-	(87,550)	(87,550)
Due to related parties	-	(1,868,939)	(1,868,939)
Loans payable	-	(161,317)	(161,317)
	$ 32,259	$(2,102,316)	$(2,076,057)

	January 31, 2020		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 11,989	$ -	$ 11,989
Accounts receivable	-	3,703	3,703
Accounts payable and accrued liabilities	-	(30,938)	(30,938)
Due to related parties	-	(1,733,489)	(1,733,489)
Loans payable	-	(101,647)	(101,647)
	$ 11,989	$(1,862,371)	$(1,850,382)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2021 are as follows:

	Balance at January 31, 2021 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	32,259	32,259	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2021, cash balances do not exceed the amounts covered by federal deposit insurance. As at January 31, 2021, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2021, the Company had a working capital deficiency of $2,247,354 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2021, $37,800 (2020 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

RECENT ACCOUNTING PROUNCEMENTS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2020:

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of Mount Dakota are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company assessed the design of its internal control over financial reporting as of January 31, 2021. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the nature of the joint venture agreements, the Company is completely reliant on joint venture partners for revenue and cost statements for some of the Company's wells; the Company's limited size does not make it economically feasible to establish a staff to audit the statements of the Company's partners

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward looking information.

SUBSEQUENT EVENTS

On February 11, 2021 the Company announced that TSX Venture Exchange approved the Company's share consolidation of the basis of one (1) post-consolidated common share for each ten (10) pre-consolidated common shares of the Company. The Consolidation, which was authorized and approved by the board of directors pursuant to a resolution dated December 10, 2020, is effective on February 16, 2021 (the "Effective Date"). The pre-consolidated common shares totaling 13,362,562 have been reduced to approximately 1,336,136 post-consolidated common shares.

On May 14, 2021, the Company appointed MR. Rick Brar to the Board of Directors. Mr. Brar is an experienced business leader in the cannabis, nutraceutical, beverage, consumer packaged goods, agriculture, land development and construction sectors. Mr. Brar has international expertise in emerging market sectors, having incubated and grown several companies over his career. He is experienced in sales and marketing, with a track record of success in corporate sales growth, new market penetration, new product development, and long-range planning. Mr. Brar is currently the Chief Executive Officer & Chairman of Brains Bioceutical Corp. a global manufacturer and distributor of Cannabinoid API.

On May 14, 2021, the Company also announced that it has entered into a debt settlement agreement with certain creditors, pursuant to which it has discharged an aggregate total indebtedness of CDN $227,500, (the "Debt Settlements"). The debt settlement for services rendered through the issuance of an aggregate total of 1,300,000 common shares of the Company at a deemed price of CDN $0.175 per common share to certain creditors of the Company.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JANUARY 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mount Dakota Energy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mount Dakota Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2020 and 2019, 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 audits 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 Consolidated 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 consolidated 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $98,612 during the year ended January 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by $2,020,839. As stated in Note 1, 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.

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 consolidated 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 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

May 26, 2020

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

	Note	January 31, 2020 $	January 31, 2019 $
ASSETS			
CURRENT ASSETS			
Cash		11,989	80,289
Amounts recoverable		3,703	8,761
		15,692	89,050
DEPOSITS	4	75,708	74,210
PROPERTY AND EQUIPMENT	5	1	1
		91,401	163,261
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		30,938	151,975
Due to related parties	8(a,b,f,g)	1,733,489	1,592,490
Loans payable	8(c,d,e)	101,647	95,977
Decommissioning provision	6	170,457	169,337
		2,036,531	2,009,779
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL	7	6,221,154	6,221,154
CONTRIBUTED SURPLUS		387,101	387,101
DEFICIT		(8,553,385)	(8,454,773)
		(1,945,130)	(1,846,518)
		91,401	163,261

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENT (Note 13)

Approved and authorized for issue on behalf of the Board:

"Steve Loo"	***"John Kim"***
Steve Loo, Director	John Kim, Director

The accompanying notes form an integral part of these consolidated financial statements.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

	Note	2020 $	2019 $
PRODUCTION COSTS		-	731
GROSS OPERATING PROFIT (LOSS)		-	(731)
EXPENSES			
Accretion of decommissioning provision	6	1,120	1,120
Consulting	8(g)	121,325	120,364
Director fees		-	4,000
Interest and bank charges	8(e)	6,093	8,448
Legal and accounting	8(a)	42,701	57,418
Office and miscellaneous		1,387	4,929
Rent	8(b)	36,000	36,000
Transfer agent and filing fees		16,972	21,011
Travel		924	1,879
		226,522	255,169
LOSS FROM OPERATIONS		(226,522)	(255,900)
Interest income		1,498	1,007
Gain on write-off of accounts payable		126,412	-
		127,910	1,007
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(98,612)	(254,893)
Net Loss Per Common Share – Basic and Diluted		(0.01)	(0.02)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		13,362,562	10,535,165

The accompanying notes form an integral part of these consolidated financial statements.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
As at January 31, 2018	7,362,562	5,921,154	387,101	(8,199,880)	(1,891,626)
Share issuance	6,000,000	300,000	–	–	300,000
Loss for the year	–	–	–	(254,893)	(254,893)
As at January 31, 2019	13,362,562	6,221,154	387,101	(8,454,773)	(1,846,518)
Loss for the year	–	–	–	(98,612)	(98,612)
As at January 31, 2020	13,362,562	6,221,154	387,101	(8,553,385)	(1,945,130)

The accompanying notes form an integral part of these consolidated financial statements.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

	2020 $	2019 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(98,612)	(254,893)
Items not affecting cash:		
Accretion of decommissioning provision	1,120	1,120
Interest on amounts due to related parties	5,670	5,574
Gain on write-off of accounts payable	(126,412)	-
Change in non-cash components of working capital:		
Prepaid expenses	-	1,173
Amounts recoverable	5,058	(4,921)
Accounts payable and accrued liabilities	5,375	(30,938)
Due to related parties	140,999	59,306
NET CASH USED IN OPERATING ACTIVITIES	(66,802)	(223,579)
INVESTING ACTIVITIES		
Deposits	(1,498)	(1,008)
NET CASH USED IN INVESTING ACTIVITIES	(1,498)	(1,008)
FINANCING ACTIVITIES		
Proceeds from share issuance	-	300,000
Repayment of loans	-	(2,964)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	297,036
INCREASE (DECREASE) IN CASH	(68,300)	72,449
CASH – BEGINNING OF YEAR	80,289	7,840
CASH – END OF YEAR	11,989	80,289

There were no non-cash financing or investing activities during the years ended January 31, 2020 and 2019.

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Mount Dakota Energy Corp. (the “Company”) is incorporated under the laws of British Columbia and is primarily engaged in the acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Canada.

The head office, principal address and records office of the Company are located at Suite 500 – 1080 Mainland Street, Vancouver, British Columbia. The Company’s registered address is at the same address.

For the year ended January 31, 2020, the Company reported a net loss of $98,612, negative cash flows from operating activities of $66,802, an accumulated deficit of $8,553,385 and a working capital deficiency of $2,020,839. These factors raise significant doubt about the Company’s ability to continue as a going concern. The Company is in the process of exploring business opportunities outside of the petroleum and natural gas sector.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is currently dependent on loans from companies controlled by directors and its other creditors to maintain its operations. Management is of the opinion that sufficient working capital will be obtained from operations or external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

2. BASIS OF PREPARATION

[a] Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance 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”).

The consolidated financial statements were authorized for issue by the Board of Directors on May 26, 2020.

[b] Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Simez Energy Resources Inc. ("Simez"). All significant inter-company transactions and balances have been eliminated upon consolidation.

[b] Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at January 31, 2020 and 2019, the Company had no cash equivalents.

[c] Revenue recognition

Revenue from the sale of petroleum and natural gas is recognized when the significant risks and rewards of ownership are transferred to the buyer, which is based on volumes delivered to customers at contractual delivery points and rates and collection is reasonably assured. The costs associated with the delivery, including operating and maintenance costs, and production-based royalty expenses, are recognized during the same period in which the related revenue is earned.

[d] Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3(e).

Property and Equipment
The Company evaluates its long-lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[d] Use of estimates and judgments (continued)

Decommissioning Provision
In estimating the future decommissioning provision, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion
Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

[e] Property and equipment

Property and equipment includes petroleum and natural gas development and production assets, including costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Property and equipment is measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Property and equipment (continued)

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with Canadian Securities Regulation National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Equipment

Furniture and computer equipment are recorded at cost and depreciated using the straight–line method based on their estimated useful lives of 3 years, net of any estimated residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

[f] Exploration and evaluation costs

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs (“E&E”), including the costs of acquiring licenses, exploratory drilling and completion costs and directly attributable general and administrative costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved and probable reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved and probable reserves have been discovered. Upon determination of proved and probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of reserve properties may exceed their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[g] Impairment

The carrying amounts of the Company's property and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

[h] Provisions

(i) Legal matters

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(ii) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

[i] Functional currency and foreign currency translation

The presentation currency and functional currency of the Company and its subsidiary is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[j] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying values and the tax bases of the related assets and liabilities. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

[k] Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, due to related parties and loans payable are classified as amortized cost. The Company does not currently have any FVTPL financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Financial instruments (continued)

(iii) Impairment of financial assets

An expected credit loss model exists for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's cash.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

[l] Share-based payments

The Company grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is contributed surplus.

The fair value of stock options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

[m] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as currency gains or losses related to self-sustaining operations. Comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of loss and comprehensive loss and the consolidated statements of changes in shareholder's deficiency.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[n] Basic and diluted loss per share

The Company computes basic loss per share by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the years ended January 31, 2019 and 2018, the existence of stock options caused the calculation of diluted loss per share to be anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share.

[o] Recent Accounting Pronouncements

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2019:

> IFRS 16 – Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by *IAS 17 – Leases*, and instead introduces a single lessee accounting model. This standard was effective for years beginning on or after January 1, 2019 and did not have a significant impact on the Company's financial statement presentation.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

4. DEPOSITS

The Company is required at certain times to remit deposits to the Alberta Energy Regulator. As at January 31, 2020, the Company has outstanding net deposits of $75,708 (2019 - $74,210).

5. PROPERTY AND EQUIPMENT

		Petroleum and natural gas properties		Furniture and computer equipment		Total
Cost:						
Balance, January 31, 2018	$	122,525	$	10,372	$	132,897
Additions		-		-		-
Change in estimated decommissioning costs		-		-		-
Write down		-		-		-
Balance, January 31, 2019	$	122,525	$	10,372	$	132,897
Additions		-		-		-
Change in estimated decommissioning costs		-		-		-
Write down		-		-		-
Balance, January 31, 2020	$	122,525	$	10,372	$	132,897
Accumulated depletion and depreciation:						
Balance, January 31, 2018	$	(122,524)	$	(10,372)	$	(132,896)
Depletion and depreciation		-		-		-
Balance, January 31, 2019	$	(122,524)	$	(10,372)	$	(132,896)
Depletion and depreciation		-		-		-
Balance, January 31, 2020	$	(122,524)	$	(10,372)	$	(132,896)
Net book value:						
As at January 31, 2018	$	1	$	-	$	1
As at January 31, 2019	$	1	$	-	$	1
As at January 31, 2020	$	1	$	-	$	1

The Company's petroleum and natural gas properties consist of the Alsike I well based in Alberta. The Company holds a 100% working interest in the Alsike I well.

Due to mechanical failure, the well is not producing. The Company assessed that it is economically more viable to abandon the well than repair it, and concluded to provide for an impairment charge to operations during the year ended January 31, 2017.

The Company is in discussions with a private oil and gas company interested in acquiring the Company's wellbores and assets on the leases. There are no changes in the discussions with the private company.

(Expressed in Canadian Dollars)

6. DECOMMISSIONING PROVISION

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provision associated with the Company's petroleum and natural gas properties:

	January 31, 2020	January 31, 2019
	$	$
Balance, beginning of year	169,337	167,217
Accretion expense	1,120	1,120
Revision in estimates (1)	-	-
Balance, end of year	170,457	169,337

(1) Changes in the discount rates and the estimates of the timing costs of abandonment and reclamation are factors resulting in a change in estimate.

The estimated net present value of the obligation was calculated using a risk-free interest rate of 0.72% (2019 - 0.72%) based on the Bank of Canada benchmark bond yields corresponding to the estimated time of reclamation and an inflation rate of 2% (2019 - 2%). Reclamation activities are expected to occur in 2021 and, accordingly, the Company has assessed their decommissioning provision as current as at January 31, 2020 (January 31, 2019 – current).

7. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited common shares without par value

(b) Issued and Outstanding Share Capital

Changes in common shares issued and outstanding are provided in the consolidated statements of changes in shareholders' equity (deficiency).

On July 23, 2018, the Company closed a non-brokered a private placement of 6,000,000 common shares at a price of $0.05 per share for gross proceeds of $300,000.

(c) Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant stock options to its directors, officers, employees and consultants. The number of stock options available under the Plan shall not exceed 20% of the issued and outstanding common shares of the Company.

The exercise price of each stock option granted generally equals the market price on the date of the grant. Stock options generally vest over an eighteen-month period from the date of grant and carry a maximum term of five years as determined by the Company's board of directors.

The Company did not grant any options during the years ended January 31, 2020 and 2019.

The Company did not have any stock options outstanding during the years ended January 31, 2020, 2019, and 2018.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $10,800 (2019 - $10,800) provided by a company controlled by a director of the Company has been paid or accrued during the period. As at January 31, 2020, $Nil (January 31, 2019 - $Nil) has been included in due to related parties.

(b) Rent totalling $36,000 (2019 - $36,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at January 31, 2020, $21,000 (January 31, 2019 - $Nil) has been included in due to related parties.

(c) The Company entered into the following loan agreements with a director of the Company:

- On March 31, 2014, the Company signed a loan agreement with a director of the Company to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which had been repaid during the year ended January 31, 2017. A total amount of $41,548 (2019 - $41,548) in interest has been accrued and is included in loans payable relating to this loan.

- During fiscal 2016 and 2017, the Company entered into three additional loan agreements to borrow an aggregate amount of $60,000 at a rate of 15% per annum, of which $50,000 had been repaid during the fiscal year ended January 31, 2017. The outstanding principal balance of $10,000 and total accrued interest of $11,893 (January 31, 2019 - $10,392) has been included in loans payable relating to these loans.

- On January 3, 2018, the Company received $20,000 from a director of the Company at a rate of 15% per annum. The outstanding principal balance of $20,000 and total accrued interest of $6,230 (January 31, 2019 - $3,230) has been included in loans payable relating to this loan.

(d) Advances of $7,800 at a rate of 15% per annum received during 2017 from a party related to a director of the Company remain outstanding. As at January 31, 2020, total advance of $7,800 (January 31, 2019 - $7,800) and total accrued interest of $4,177 (January 31, 2019 - $3,007) has been included in loans payable relating to the advances.

(e) As at January 31, 2020, the total loan principal balance outstanding is $37,800 (January 31, 2019 - $37,800) with total accrued interest of $63,847 (January 31, 2019 - $58,177). During the year ended January 31, 2020, the Company incurred interest expense of $5,670 (2019 - $5,574) relating to the loans.

(f) On March 31, 2014, the Company entered into debt assignment agreements with parties related to a director of the Company for total amounts owing of $1,116,739, the sum of which is included in due to related parties.

(g) Consulting expenses totalling $120,000 (2019 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year. As at January 31, 2020, $595,750 (January 31, 2019 - $475,751) has been included in due to related parties.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2020	2019
		$
Net loss	$ (98,612)	(254,893)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(27,000)	(69,000)
Non-deductible expenses and other	2,000	1,000
Change in unrecognized deferred income tax assets	25,000	68,000
Income tax recovery	$ -	$ -

Significant components of the Company's deferred tax assets are as follows:

	2020	2019
Non-capital losses carried forward	$ 693,000	$ 667,000
Capital losses carried forward	37,000	37,000
Resource pools and property and equipment	348,000	348,000
Other	-	1,000
Unrecognized deferred tax assets	$ 1,078,000	$ 1,053,000

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

	2020	Expiry Dates	2019	Expiry Dates
Temporary Differences	**$**		**$**	
Resource pools and property and equipment	1,289,000	No expiry date	1,289,000	No expiry date
Share issuance costs	2,000	2041	3,000	2040 to 2041
Allowable capital losses	138,000	No expiry date	138,000	No expiry date
Non-capital losses available for future periods	2,568,000	2027 to 2040	2,469,000	2027 to 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and amounts due to related parties. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements. The Company did not change its capital management objectives during the year ended January 31, 2020.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, namely acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Alberta, Canada.

12. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2020		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 11,989	$ -	$ 11,989
Accounts payable and accrued liabilities	-	(30,938)	(30,938)
Due to related parties	-	(1,733,489)	(1,733,489)
Loans payable	-	(101,647)	(101,647)
	$ 11,989	$ (1,866,074)	$ (1,854,085)

	January 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 80,289	$ -	$ 80,289
Accounts payable and accrued liabilities		(151,975)	(151,975)
Due to related parties		(1,592,490)	(1,592,490)
Loans payable		(95,977)	(95,977)
	$ 80,289	$ (1,840,442)	$ (1,760,153)

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2020 are as follows:

	Balance at January 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Financial Assets:				
Cash	11,989	11,989	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2020, cash balances do not exceed the amounts covered by federal deposit insurance. As at January 31, 2020, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2020, the Company had a working capital deficiency of $2,020,839 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2020, $37,800 (2019 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

13. COMMITMENT

On February 1, 2010 and March 6, 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay annual consideration of $4,000 for the Alsike I property and annual consideration of $8,000 for the Alsike II property, respectively, for a total of five years. Total consideration paid at the end of five years will be $60,000. As at January 31, 2020, the Company has made total payments of $34,500 with $25,500 outstanding to be paid during fiscal year 2021.

2021	$	25,500
	$	25,500

The following Management Discussion and Analysis ("MD&A") of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") is prepared as of May 26, 2020 and should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2020 and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on the TSX Venture Exchange under the symbol "MMO.V".

Mount Dakota is currently listed on the NEX on the TSX Venture Exchange. The Company is in the process of re-organizing and seeking opportunities outside of the petroleum and natural gas sector. The Company is pursuing the divestment of its petroleum assets. Therefore, the management of the Company wishes to inform shareholders of the Company, and potential shareholders, that shares in the Company should be rated as "highly speculative", and are not suitable for risk adverse individuals or portfolios. Please consult with your registered financial advisor as to the appropriateness of having or holding shares in a "highly speculative" security.

The audited consolidated financial statements as at and for the year ended January 31, 2020 , which are discussed in this MD&A, have been prepared in accordance 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").

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the audited annual consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. All dollar amounts included herein are in Canadian dollars except where noted.

Barrels of Oil Equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand two hundred and ninety cubic feet per barrel (6.29 mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

OPERATIONS

Mount Dakota did not have any production to report during the year ended January 31, 2020. The Company is actively pursuing the divestment of the asset. The Company will abandon the well site if there are no buyers for the asset.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the year ended January 31, 2020 was $Nil compared to $Nil during the previous year ended January 31, 2019. The Company has decided to abandon its oil and gas assets as they were deemed uneconomic by management. The Company is exploring business interests outside of the oil and gas sector.

Operating Income	For year ended January 31, 2020 ($)	For year ended January 31, 2019 ($)
Revenue	-	-
Royalties (Refund)	-	-
Production Costs	-	731
Gross Operating Profit (Loss)	-	(731)

General and Administrative

General and administrative expenditures for the year ended January 31, 2020 were $98,612 as compared to $254,893 for 2019. As of January 31, 2020, $1,733,489 (2019-$1,592,490) has been accrued to parties related to a director of the Company. The outstanding amounts are non-interest bearing, unsecured and due on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow from Operations and Net Income (Loss)

For the year ended January 31, 2020, the Company reported loss and comprehensive loss of $98,612 compared to loss and comprehensive loss of $254,893 for the comparative period in 2019.

	Year ended January 31,	
	2020	**2019**
Loss for the year	($98,612)	($254,893)
Loss per share	($0.01)	($0.02)

Annual Financial Information

Year Ended	**IFRS January 31, 2020**	**IFRS January 31, 2019**	**IFRS January 31, 2018**
Financial Results			
Revenue	$ -	$ -	$ -
Oil & Gas Expenditures	-	731	1,215
General & Administrative	226,522	255,169	219,722
Loss for the Year	(98,612)	(254,893)	(198,744)
Loss Per Common Share (Basic & Diluted)	(0.01)	(0.02)	(0.03)
Financial Position			
Working Capital (Deficiency)	(2,020,839)	(1,920,729)	(1,964,828)
Petroleum and Natural Gas Properties	1	1	1
Exploration and Evaluation Assets	-	-	-
Total Assets	91,401	163,261	86,056
Share Capital	6,221,154	6,221,154	5,921,154
Deficit	(8,553,385)	(8,454,773)	(8,199,880)

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	**IFRS January 31, 2020**	**IFRS October 31, 2019**	**IFRS July 31, 2019**	**IFRS April 30, 2019**
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	Nil	731	Nil
General & Administrative	56,152	54,638	70,741	44,991
Other Income	124	508	250	616
Total (Loss)	69,884	(54,131)	(69,990)	(44,375)
Loss Per Common Share - Basic & Diluted	(0.01)	(0.00)	(0.00)	(0.01)

Three-Month Period Ended	**IFRS January 31, 2019**	**IFRS October 31, 2018**	**IFRS July 31, 2018**	**IFRS April 30, 2018**
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	Nil	731	Nil
General & Administrative	50,819	71,453	87,014	45,883
Other Income	121	329	379	178
Total (Loss)	(50,698)	(71,124)	(87,366)	(45,705)
Loss Per Common Share - Basic & Diluted	(0.01)	(0.01)	(0.01)	(0.01)

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTH PERIOD ENDING JANUARY 31, 2020

The Company had no revenue to report during the three months ended January 31, 2020. Management has decided to pursue opportunities outside of the oil and gas industry due to a negative outlook for the future of crude prices and increasing costs associated with demand destruction as a result of the coronavirus Covid-19 in the oil and gas sector. The Company is pursuing all options to divest in its oil and gas assets.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended January 31, 2020, the Company reported a net loss of $98,612, negative cash flows from operating activities of $66,802, an accumulated deficit of $8,553,385 and a working capital deficiency of $2,020,839. These factors raise significant doubt about the Company's ability to continue as a going concern. Under such conditions, the Company does not have sufficient working capital to maintain current operations for at least twelve months. The Company will need to raise capital through the equity markets for the necessary working capital. The Company will continue to rely on the goodwill of management until the Company is in the position to pay management. The Company has paid no dividends to date. The Company has financed operations to date through operations, and through the issuance of common shares to founding directors and other shareholders. The net debt outstanding including amounts due to related parties is $1,733,489.

SHARE CAPITAL

On July 23, 2018, the Company closed a non-brokered a private placement of 6,000,000 common shares at a price of $0.05 per share for gross proceeds of $300,000.

Proceeds of the offering were used for general operating expenditures relating to the Company's oil and gas properties and for repaying certain debts.

As of the date of this MD&A, 13,362,562 common shares are outstanding and no Class A or B preference shares have been issued.

RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $10,800 (2019 - $10,800) provided by a company controlled by a director of the Company has been paid or accrued during the period. As at January 31, 2020, $Nil (January 31, 2019 - $Nil) has been included in due to related parties.

(b) Rent totalling $36,000 (2019 - $36,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at January 31, 2020, $21,000 (January 31, 2019 - $Nil) has been included in due to related parties.

(c) The Company entered into the following loan agreements with a director of the Company:

- On March 31, 2014, the Company signed a loan agreement with a director of the Company to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which had been repaid during the year ended January 31, 2017. A total amount of $41,548 (2019 - $41,548) in interest has been accrued and is included in loans payable relating to this loan.

- During fiscal 2016 and 2017, the Company entered into three additional loan agreements to borrow an aggregate amount of $60,000 at a rate of 15% per annum, of which $50,000 had been repaid during the fiscal year ended January 31, 2017. The outstanding principal balance of $10,000 and total accrued interest of $11,893 (January 31, 2019 - $10,392) has been included in loans payable relating to these loans.

- On January 3, 2018, the Company received $20,000 from a director of the Company at a rate of 15% per annum. The outstanding principal balance of $20,000 and total accrued interest of $6,230 (January 31, 2019 - $3,230) has been included in loans payable relating to this loan.

(d) Advances of $7,800 at a rate of 15% per annum received during 2017 from a party related to a director of the Company remain outstanding. As at January 31, 2020, total advance of $7,800 (January 31, 2019 - $7,800) and total accrued interest of $4,177 (January 31, 2019 - $3,007) has been included in loans payable relating to the advances.

(e) As at January 31, 2020, the total loan principal balance outstanding is $37,800 (January 31, 2019 - $37,800) with total accrued interest of $63,847 (January 31, 2019 - $58,177). During the year ended January 31, 2020, the Company incurred interest expense of $5,670 (2019 - $5,574) relating to the loans.

(f) On March 31, 2014, the Company entered into debt assignment agreements with parties related to a director of the Company for total amounts owing of $1,116,739, the sum of which is included in due to related parties.

(g) Consulting expenses totalling $120,000 (2019 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year. As at January 31, 2020, $595,750 (January 31, 2019 - $475,751) has been included in due to related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PROSPECTS AND OUTLOOK

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company is exploring opportunities to acquire assets and/or businesses beyond the oil and gas sector within which it is currently operating.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination

The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3 (d) to the audited annual financial statements.

Property and Equipment

The Company evaluates its long - lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

Decommissioning Provisions

In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion

Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

As of January 31, 2020, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2020		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 11,989	$ -	$ 11,989
Accounts payable and accrued liabilities	-	(30,938)	(30,938)
Due to related parties	-	(1,733,489)	(1,733,489)
Loans payable	-	(101,647)	(101,647)
	$ 11,989	$(1,866,074)	$(1,854,085)

	January 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 80,289	$ -	$ 80,289
Accounts payable and accrued liabilities	-	(151,975)	(151,975)
Due to related parties	-	(1,592,490)	(1,592,490)
Loans payable	-	(95,977)	(95,977)
	$ 80,289	$(1,840,442)	$(1,760,153)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2020 are as follows:

	Balance at January 31, 2020 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	11,989	11,989	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2020, cash balances do not exceed the amounts covered by federal deposit insurance. As at January 31, 2020, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

FINANCIAL INSTRUMENTS AND RISK (continued)

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2020, the Company had a working capital deficiency of $2,020,839 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2020, $37,800 (2019 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

RECENT ACCOUNTING PROUNCEMENTS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual years beginning on or after January 1, 2019:

IFRS 16 – Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract: the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17 – Leases, and instead introduces a single lessee accounting model. This standard was effective for years beginning on or after January 1, 2019 and did not have a significant impact on the Company's financial statement presentation.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of Mount Dakota are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company assessed the design of its internal control over financial reporting as of January 31, 2020. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the nature of the joint venture agreements, the Company is completely reliant on joint venture partners for revenue and cost statements for some of the Company's wells; the Company's limited size does not make it economically feasible to establish a staff to audit the statements of the Company's partners

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward looking information.

SUBSEQUENT EVENTS

There are no subsequent events to report.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JANUARY 31, 2019 AND 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mount Dakota Energy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Mount Dakota Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2019 and 2018, 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 audits 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 Consolidated 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 consolidated 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss of $254,893 during the year ended January 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $1,920,729. As stated in Note 1, 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.

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 consolidated 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 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

May 28, 2019

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MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JANUARY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	Note	**January 31, 2019 $**	**January 31, 2018 $**
ASSETS			
CURRENT ASSETS			
Cash		80,289	7,840
Amounts recoverable		8,761	3,840
Prepaid expenses		-	1,173
		89,050	12,853
DEPOSITS	4	74,210	73,202
PROPERTY AND EQUIPMENT	5	1	1
		163,261	86,056
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		151,975	182,913
Due to related parties	8(a,b,f,g)	1,592,490	1,533,184
Loans payable	8(c,d,e)	95,977	93,367
Decommissioning provisions	6	169,337	168,217
		2,009,779	1,977,681
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL	7	6,221,154	5,921,154
CONTRIBUTED SURPLUS		387,101	387,101
DEFICIT		(8,454,773)	(8,199,880)
		(1,846,518)	(1,891,625)
		163,261	86,056

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENT (Note 13)

Approved and authorized for issue on behalf of the Board:

"Steve Loo"	***"John Kim"***
Steve Loo, Director	John Kim, Director

The accompanying notes form an integral part of these consolidated financial statements.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	Note	**2019** **$**	**2018** **$**
PRODUCTION COSTS		731	1,251
GROSS OPERATING PROFIT (LOSS)		(731)	(1,251)
EXPENSES			
Accretion of decommissioning provisions	6	1,120	1,120
Consulting	8(g)	120,364	120,000
Director fees	8(h)	4,000	-
Interest and bank charges	8(e)	8,448	4,315
Legal and accounting	8(a)	57,418	39,858
Office and miscellaneous		4,929	1,430
Rent	8(b)	36,000	36,000
Transfer agent and filing fees		21,011	16,999
Travel		1,879	-
		255,169	219,722
LOSS FROM OPERATIONS		(255,900)	(220,973)
Gain on debt settlement		-	21,500
Interest income		1,007	729
		(1,007)	(22,229)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(254,893)	(198,744)
Net Loss Per Common Share – Basic and Diluted		(0.02)	(0.03)
Weighted Average Number of Common Shares Outstanding		10,535,165	7,362,562

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
As at January 31, 2017	7,362,562	5,921,154	387,101	(8,001,136)	(1,692,881)
Loss for the year	–	–	–	(198,744)	(198,744)
As at January 31, 2018	7,362,562	5,921,154	387,101	(8,199,880)	(1,891,625)
Share issuance	6,000,000	300,000	–	–	300,000
Loss for the year	–	–	–	(254,893)	(254,893)
As at January 31, 2019	13,362,562	6,221,154	387,101	(8,454,773)	(1,846,518)

The accompanying notes form an integral part of these consolidated financial statements.

MOUNT DAKOTA ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	2019 **$**	**2018** **$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(254,893)	(198,744)
Items not affecting cash:		
Accretion of decommissioning provisions	1,120	1,120
Interest on amounts due to related parties	5,574	3,663
Gain on debt settlement	-	(21,500)
Change in non-cash components of working capital:		
Prepaid expenses	1,173	-
Amounts recoverable	(4,921)	1,395
Accounts payable and accrued liabilities	(30,938)	8,613
Accounts payable to related parties	59,306	156,945
NET CASH USED IN OPERATING ACTIVITIES	(223,579)	(48,508)
INVESTING ACTIVITIES		
Deposits	(1,008)	(773)
NET CASH USED IN INVESTING ACTIVITIES	(1,008)	(773)
FINANCING ACTIVITIES		
Proceeds from share issuance	300,000	-
Proceeds from loans	-	20,433
Repayment of loans	(2,964)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	297,036	20,433
INCREASE (DECREASE) IN CASH	72,449	(28,848)
CASH– BEGINNING OF YEAR	7,840	36,688
CASH– END OF YEAR	80,289	7,840

There were no non-cash financing or investing activities during the years ended January 31, 2019 and 2018.

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Mount Dakota Energy Corp. (the “Company”) is incorporated under the laws of British Columbia and is primarily engaged in the acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Canada.

The head office, principal address and records office of the Company are located at Suite 1601 – 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3. The Company’s registered address is at the same address.

On January 22, 2016, the Company approved a share consolidation of one post-consolidated common share for each four pre-consolidated common shares of the Company, effective February 22, 2016. The pre-consolidated common shares totalling 14,460,087 have been reduced to 3,615,022 post-consolidated common shares. All share and per share amounts have been retroactively restated.

For the year ended January 31, 2019, the Company reported a net loss of $254,893, negative cash flows from operating activities of $223,579, an accumulated deficit of $8,454,773 and a working capital deficiency of $1,920,729. These factors raise significant doubt about the Company’s ability to continue as a going concern. The Company is in the process of exploring business opportunities outside of the petroleum and natural gas sector.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is currently dependent on loans from companies controlled by directors and its other creditors to maintain its operations. Management is of the opinion that sufficient working capital will be obtained from operations or external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. BASIS OF PREPARATION

[a] Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance 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”).

The consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2019.

[b] Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Simez Energy Resources Inc. (“Simez”). All significant inter-company transactions and balances have been eliminated upon consolidation.

[b] Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at January 31, 2019 and 2018, the Company had no cash equivalents.

[c] Revenue recognition

Revenue from the sale of petroleum and natural gas is recognized when the significant risks and rewards of ownership are transferred to the buyer, which is based on volumes delivered to customers at contractual delivery points and rates and collection is reasonably assured. The costs associated with the delivery, including operating and maintenance costs, and production-based royalty expenses, are recognized during the same period in which the related revenue is earned.

[d] Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3(e).

Property and Equipment
The Company evaluates its long-lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[d] Use of estimates and judgments (continued)

Decommissioning Provisions
In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion
Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

[e] Property and equipment

Property and equipment includes petroleum and natural gas development and production assets, including costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Property and equipment is measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Property and equipment (continued)

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with Canadian Securities Regulation National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Equipment

Furniture and computer equipment are recorded at cost and depreciated using the straight–line method based on their estimated useful lives of 3 years, net of any estimated residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

[f] Exploration and evaluation costs

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs (“E&E”), including the costs of acquiring licenses, exploratory drilling and completion costs and directly attributable general and administrative costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved and probable reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved and probable reserves have been discovered. Upon determination of proved and probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of reserve properties may exceed their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[g] Impairment

The carrying amounts of the Company's property and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

[h] Provisions

(i) Legal matters

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(ii) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

[i] Functional currency and foreign currency translation

The presentation currency and functional currency of the Company and its subsidiary is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[j] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying values and the tax bases of the related assets and liabilities. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

[k] Financial instruments

On February 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9; therefore, the Company’s accounting policy with respect to financial liabilities is unchanged.

The Company completed an assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	**Original Classification IAS 39**	**New Classification IFRS 9**
Cash	Fair value through profit and loss	Fair value through profit and loss
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost

The adoption of IFRS 9 did not result in any material changes to the Company’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Financial instruments (continued)

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, due to related parties and loans payable are classified as other financial liabilities. The Company does not currently have any FVTPL financial liabilities.

(iii) *Impairment of financial assets*

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's cash.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[l] Share-based payments

The Company grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is contributed surplus.

The fair value of employee stock options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

[m] Comprehensive loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that would not normally be included in net profit such as currency gains or losses related to self-sustaining operations. Comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of loss and comprehensive loss and the consolidated statements of changes in shareholder’s deficiency.

[n] Basic and diluted loss per share

The Company computes basic loss per share by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the years ended January 31, 2019 and 2018, the existence of stock options caused the calculation of diluted loss per share to be anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share.

Accounting Pronouncements Not Yet Effective

IFRS 16 Leases was issued in January 2016, effective January 1, 2019 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements.

4. DEPOSITS

The Company is required at certain times to remit deposits to the Alberta Energy Regulator. As at January 31, 2019, the Company has outstanding net deposits of $74,210 (2018 - $73,202).

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Petroleum and natural gas properties	Furniture and computer equipment	Total
Cost:			
Balance, January 31, 2017	$ 122,525	$ 10,372	$ 132,897
Additions	-	-	-
Change in estimated decommissioning costs	-	-	-
Write down	-	-	-
Balance, January 31, 2018	$ 122,525	$ 10,372	$ 132,897
Additions	-	-	-
Change in estimated decommissioning costs	-	-	-
Write down	-	-	-
Balance, January 31, 2019	$ 122,525	$ 10,372	$ 132,897
Accumulated depletion and depreciation:			
Balance, January 31, 2017	$ (122,524)	$ (10,372)	$ (132,896)
Depletion and depreciation	-	-	-
Balance, January 31, 2018	$ (122,524)	$ (10,372)	$ (132,896)
Depletion and depreciation	-	-	-
Balance, January 31, 2019	$ (122,524)	$ (10,372)	$ (132,896)
Net book value:			
As at January 31, 2017	$ 1	$ -	$ 1
As at January 31, 2018	$ 1	$ -	$ 1
As at January 31, 2019	$ 1	$ -	$ 1

The Company's petroleum and natural gas properties consist of the Alsike I well based in Alberta. The Company holds a 100% working interest in the Alsike I well.

Due to mechanical failure, the well is not producing. The Company assessed that it is economically more viable to abandon the well than repair it, and concluded to provide for an impairment charge to operations during the year ended January 31, 2017.

The Company is in discussions with a private oil and gas company interested in acquiring the Company's wellbores and assets on the leases. There are no changes in the discussions with the private company.

(Expressed in Canadian Dollars)

6. DECOMMISSIONING PROVISIONS

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provisions associated with the Company's petroleum and natural gas properties:

	2019	**2018**
	$	$
Balance, beginning of year	167,217	167,097
Accretion expense	1,120	1,120
Revision in estimates [(1)]	-	-
Balance, end of year	169,337	168,217

(1) Changes in the discount rates and the estimates of the timing costs of abandonment and reclamation are factors resulting in a change in estimate.

The estimated net present value of the obligation was calculated using a risk-free interest rate of 0.72% (2018 - 0.72%) based on the Bank of Canada benchmark bond yields corresponding to the estimated time of reclamation and an inflation rate of 2% (2018 - 2%). Reclamation activities are expected to occur in 2020 and, accordingly, the Company has assessed their decommissioning provisions as current as at January 31, 2019 (2018 – current).

7. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited	Common shares without par value
100,000,000	Class A preference shares with a par value of $10 per share
100,000,000	Class B preference shares with a par value of $50 per share

(b) Issued and Outstanding Share Capital

Changes in common shares issued and outstanding are provided in the consolidated statements of changes in shareholders' equity (deficiency).

On July 23, 2018, the Company closed a non-brokered a private placement of 6,000,000 common shares at a price of $0.05 per share for gross proceeds of $300,000.

As at January 31, 2018 and 2019, no Class A or B preference shares have been issued.

(c) Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant stock options to its directors, officers, employees and consultants. The number of stock options available under the Plan shall not exceed 20% of the issued and outstanding common shares of the Company.

The exercise price of each stock option granted generally equals the market price on the date of the grant. Stock options generally vest over an eighteen-month period from the date of grant and carry a maximum term of five years as determined by the Company's board of directors.

The Company did not grant any options during the years ended January 31, 2019 and 2018.

The Company did not have any stock options outstanding during the years ended January 31, 2019, 2018, and 2017.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $10,800 (2018 - $10,800) provided by a company controlled by a director of the Company has been paid or accrued during the year. As at January 31, 2019, $Nil (2018 - $945) has been included in due to related parties.

(b) Rent totalling $36,000 (2018 - $36,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at January 31, 2019, $Nil (2018 - $58,500) has been included in due to related parties.

(c) The Company entered into the following loan agreements with a director of the Company:

- On March 31, 2014, the Company signed a loan agreement with a director of the Company to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which had been repaid during the year ended January 31, 2017. A total amount of $41,548 (2018 - $41,548) in interest has been accrued and is included in loans payable relating to this loan.

- During fiscal 2016 and 2017, the Company entered into three additional loan agreements to borrow an aggregate amount of $60,000 at a rate of 15% per annum, of which $50,000 had been repaid during the fiscal year ended January 31, 2017. The outstanding principal balance of $10,000 and total accrued interest of $10,392 (2018 - $8,893) has been included in loans payable relating to these loans.

- On January 3, 2018, the Company received $20,000 from a director of the Company at a rate of 15% per annum. The outstanding principal balance of $20,000 and total accrued interest of $3,230 (2018 - $230) has been included in loans payable relating to this loan.

(d) During the year, the Company re-paid advances of $2,964 (2018 – $Nil) to a director of the Company. Advances of $7,800 at a rate of 15% per annum received during 2017 from a party related to a director of the Company remain outstanding. As at January 31, 2019, total advances of $7,800 (2018 - $10,763) and total accrued interest of $3,007 (2018 - $1,933) has been included in loans payable relating to the advances.

(e) As at January 31, 2019, the total loan principal balance outstanding is $37,800 (2018 - $40,763) with total accrued interest of $58,177 (2018 - $52,604). During the year ended January 31, 2019, the Company incurred interest expense of $5,574 (2018 - $3,663) relating to the loans.

(f) On March 31, 2014, the Company entered into debt assignment agreements with parties related to a director of the Company for total amounts owing of $1,116,739, the sum of which is included in due to related parties.

(g) Consulting expenses totalling $120,000 (2018 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year. As at January 31, 2019, $475,750 (2018 - $357,000) has been included in due to related parties.

(h) During the year, the Company paid $4,000 (2018 - $Nil) to two directors of the Company for directors' fees.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2019	2018
		$
Net loss	$ (254,893)	(198,744)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(69,000)	(54,000)
Non-deductible expenses and other	(1,000)	(35,000)
Share issuance costs	-	-
Adjustment to prior years provision	-	-
Change in unrecognized deferred income tax assets	68,000	89,000
Income tax recovery	$ -	$ -

Significant components of the Company's deferred tax assets are as follows:

	2019	2018
Non-capital losses carried forward	$ 667,000	$ 598,000
Capital losses carried forward	37,000	37,000
Resource pools and property and equipment	348,000	348,000
Other	1,000	2,000
Unrecognized deferred tax assets	$ 1,053,000	$ 985,000

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

	2019	Expiry Dates	2018	Expiry Dates
Temporary Differences	**$**		**$**	
Resource pools and property and equipment	1,289,000	No expiry date	1,289,000	No expiry date
Share issuance costs	3,000	2038 to 2041	6,000	2038 to 2041
Allowable capital losses	138,000	No expiry date	138,000	No expiry date
Non-capital losses available for future periods	2,469,000	2027 to 2039	2,213,000	2027 to 2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and amounts due to related parties. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements. The Company did not change its capital management objectives during the year ended January 31, 2019.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, namely acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Alberta, Canada.

12. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 80,289	$ -	$ 80,289
Accounts payable and accrued liabilities	-	(151,975)	(151,975)
Due to related parties	-	(1,592,490)	(1,592,490)
Loans payable	-	(95,977)	(95,977)
	$ 80,289	$ (1,840,442)	$ (1,760,153)

	January 31, 2018		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 7,840	$ -	$ 7,840
Accounts payable and accrued liabilities		(182,913)	(182,913)
Due to related parties		(1,533,184)	(1,533,184)
Loans payable		(93,367)	(93,367)
	$ 7,840	$ (1,809,464)	$ (1,801,624)

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2019 are as follows:

	Balance at January 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Financial Assets:				
Cash	80,289	80,289	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. To minimize the credit risk related to cash and cash equivalents, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2019, cash and cash equivalents do not exceed the amounts covered by federal deposit insurance. The Company continuously monitors accounts receivable to minimize risk. As at January 31, 2019, the Company's maximum risk exposure to credit risk is the carrying value of amounts recoverable of $8,761.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2019, the Company had a working capital deficiency of $1,920,729 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2019, $37,800 in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

13. COMMITMENT

On February 1, 2010 and March 6, 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay annual consideration of $4,000 for the Alsike I property and annual consideration of $8,000 for the Alsike II property, respectively, for a total of five years. Total consideration paid at the end of five years will be $60,000. As at January 31, 2019, the Company has made total payments of $34,500 with $25,500 outstanding to be paid during fiscal year 2020.

2020	$ 25,500
	$ 25,500

The following Management Discussion and Analysis ("MD&A") of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") is prepared as of May 28, 2019 and should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2019 and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on the TSX Venture Exchange under the symbol "MMO.V".

Mount Dakota is currently listed on the NEX on the TSX Venture Exchange. The Company is in the process of re-organizing and seeking opportunities outside of the petroleum and natural gas sector. The Company is pursuing the divestment of its petroleum assets. Therefore, the management of the Company wishes to inform shareholders of the Company, and potential shareholders, that shares in the Company should be rated as "highly speculative", and are not suitable for risk adverse individuals or portfolios. Please consult with your registered financial advisor as to the appropriateness of having or holding shares in a "highly speculative" security.

The audited consolidated financial statements as at and for the year ended January 31, 2019 , which are discussed in this MD&A, have been prepared in accordance 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").

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the audited annual consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. All dollar amounts included herein are in Canadian dollars except where noted.

Barrels of Oil Equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand two hundred and ninety cubic feet per barrel (6.29 mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

OPERATIONS

Mount Dakota did not have any production to report during the year ended January 31, 2019. The Company is actively pursuing the divestment of the asset. The Company will abandon the well site if there are no buyers for the asset.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the year ended January 31, 2019 was $Nil compared to $Nil during the previous year ended January 31, 2018. The Company has decided to abandon its oil and gas assets as they were deemed uneconomic by management. The Company is exploring business interests outside of the oil and gas sector.

Operating Income	**For year ended January 31, 2019 ($)**	**For year ended January 31, 2018 ($)**
Revenues	-	-
Royalties (Refund)	-	-
Production Costs	731	1,215
Gross Operating Profit (Loss)	(731)	(1,215)

General and Administrative

General and administrative expenditures for the year ended January 31, 2019 were $255,169 as compared to $219,722 for 2018. As of January 31, 2019, $1,592,490 (2018-$1,533,184) has been accrued to parties related to a director of the Company. The outstanding amounts are non-interest bearing, unsecured and due on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow from Operations and Net Income

For the year ended January 31, 2019, the Company reported a loss and comprehensive loss of $254,893 compared to a comprehensive loss of $198,744 for the comparative period in 2018.

	Year ended January 31, 2019	2018
Loss for the year	($254,893)	($198,774)
Loss per share	($0.02)	($0.03)

Annual Financial Information

Year Ended	IFRS January 31, 2019	IFRS January 31, 2018	IFRS January 31, 2017
Financial Results			
Revenue	$ -	$ -	$ 1,944
Oil & Gas Expenditures	731	1,215	5,649
General & Administrative	255,169	219,722	258,202
Loss for the Year	(254,893)	(198,744)	(374,119)
Loss Per Common Share (Basic & Diluted)	(0.02)	(0.03)	(0.10)
Financial Position			
Working Capital (Deficiency)	(1,920,729)	(1,964,828)	(1,765,311)
Petroleum and Natural Gas Properties	1	1	1
Exploration and Evaluation Assets	-	-	-
Total Assets	163,261	86,056	115,526
Share Capital	6,221,154	5,921,154	5,921,154
Deficit	(8,454,773)	(8,199,880)	(8,001,136)

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS January 31, 2019	IFRS October 31, 2018	IFRS July 31, 2018	IFRS April 30, 2018
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	Nil	731	Nil
General & Administrative	50,819	71,453	87,014	45,883
Other Income	121	329	379	178
Total (Loss)	(50,698)	(71,124)	(87,366)	(45,705)
Loss Per Common Share - Basic & Diluted	(0.01)	(0.01)	(0.01)	(0.01)

Three-Month Period Ended	IFRS January 31, 2018	IFRS October 31, 2017	IFRS July 31, 2017	IFRS April 30, 2017
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	Nil	767	484
General & Administrative	50,052	46,792	73,664	49,214
Other Income	314	134	21,647	134
Total (Loss)	(49,738)	(46,658)	(52,784)	(49,564)
Loss Per Common Share - Basic & Diluted	(0.01)	(0.01)	(0.01)	(0.01)

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTH PERIOD ENDING JANUARY 31, 2019

The Company had no revenue to report during the three months ended January 31, 2019, as a result of equipment failure on the Alsike I well. Management has decided to pursue opportunities outside of the oil and gas industry due to a negative outlook for the future of crude prices and increasing costs associated with growing regulations in the oil and gas sector. The Company is in discussions with a private oil and gas company to sell the Company's interest in the wellbores and equipment of all of the Company's Alberta assets.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended January 31, 2019, the Company reported a net loss of $254,893, negative cash flows from operating activities of $223,579, an accumulated deficit of $8,454,773 and a working capital deficiency of $1,920,729. These factors raise significant doubt about the Company's ability to continue as a going concern. Under such conditions, the Company does not have sufficient working capital to maintain current operations for at least twelve months. The Company will need to raise capital through the equity markets for the necessary working capital. The Company will continue to rely on the goodwill of management until the Company is in the position to pay management. The Company has paid no dividends to date. The Company has financed operations to date through operations, and through the issuance of common shares to founding directors and other shareholders. The net debt outstanding including amounts due to related parties is $1,840,442.

SHARE CAPITAL

On July 23, 2018, the Company closed a non-brokered a private placement of 6,000,000 common shares at a price of $0.05 per share for gross proceeds of $300,000.

Proceeds of the offering were used for general operating expenditures relating to the Company's oil and gas properties and for repaying certain debts.

As of the date of this MD&A, 13,362,562 common shares are outstanding and no Class A or B preference shares have been issued.

RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $10,800 (2018 - $10,800) provided by a company controlled by Peter Kohl, a director of the Company, has been paid or accrued during the year. As at January 31, 2019, $Nil (2018 - $945) has been included in due to related parties.

(b) Rent totalling $36,000 (2018 - $36,000) for office premises provided by a company controlled by a director of the Company, has been charged to operations. As at January 31, 2019, $Nil (2018 - $58,500) has been included in due to related parties.

(c) The Company entered into the following loan agreements with Steve Loo, a director of the Company:

- On March 31, 2014, the Company signed a loan agreement with Steve Loo to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which had been repaid during the year ended January 31, 2017. A total amount of $41,548 (2018 - $41,548) in interest has been accrued and is included in loans payable relating to this loan.
- During fiscal 2016 and 2017, the Company entered into three additional loan agreements with Steve Loo to borrow an aggregate amount of $60,000 at a rate of 15% per annum, of which $50,000 had been repaid during the fiscal year ended January 31, 2017. The outstanding principal balance of $10,000 and total accrued interest of $10,393 (2018 - $8,893) has been included in loans payable relating to these loans.
- On January 3, 2018, the Company received $20,000 from a director of the Company at a rate of 15% per annum. The outstanding principal balance of $20,000 and total accrued interest of $3,230 (2018 - $230) has been included in loans payable relating to this loan.

(d) During the year, the Company re-paid advances of $2,964 (2018 – $Nil) to a director of the Company. Advances of $7,800 at a rate of 15% per annum received during 2017 from a party related to a director of the Company remain outstanding. As at January 31, 2019, total advances of $7,800 (2018 - $10,763) and total accrued interest of $3,007 (2018 - $1,933) has been included in loans payable relating to the advances.

(e) As at January 31, 2019, the total loan principal balance outstanding is $37,800 (January 31, 2018 - $40,763) with total accrued interest of $58,177 (January 31, 2018 - $52,604). During the year ended January 31, 2019, the Company incurred interest expense of $5,574 (2018 - $3,663) relating to the loans.

(f) On March 31, 2014, the Company entered into debt assignment agreements with parties related to a director of the Company for total amounts owing of $1,116,739, the sum of which is included in due to related parties.

(g) Consulting expenses totalling $120,000 (2018 – $120,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the year. As at January 31, 2019, $475,750 (2018 - $357,000) has been included in due to related parties.

(h) During the year, the Company paid $4,000 (2018 - $Nil) to two directors of the Company, for directors' fees.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PROSPECTS AND OUTLOOK

The dramatic decline in crude oil prices has become an unforeseen challenge for the Company.

The Company is exploring opportunities to acquire assets and/or businesses beyond the oil and gas sector within which it is currently operating. Management and the board of directors believe that the drop in global oil prices since 2014 has made it challenging for exploration and junior resource issuers to, among other things, raise capital and increase shareholder value. As a result, the Company believes that it should seek, pursue and evaluate other opportunities beyond the resource sector which may present themselves.

BUSINESS RISKS

The oil and gas industry is subject to risks in (among others):

- Volatility in crude oil prices.
- Finding and developing reserves.
- Commodity prices received for such reserves.
- Availability of equipment, manpower and supplies.
- Availability and cost of capital to achieve projected growth.
- Effect of weather on drilling and production.
- Operating in an environmentally appropriate fashion.

Mount Dakota mitigates these business risks by:

- Maintaining cost-effective operations.
- Operating our own properties to control the amount and timing of capital expenditures.
- Minimizing costs by re-entering existing wells to explore missed pay zones.
- Restricting operations to western, central and southern Alberta where locations are accessible, operating and capital costs are reasonable and on-stream times are shorter.
- Drilling wells in areas with multiple high deliverability zone potential.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination

The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3 (d) to the audited annual financial statements.

Property and Equipment

The Company evaluates its long - lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

Decommissioning Provisions

In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion

Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

CRITICAL ACCOUNTING ESTIMATES (continued):

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

As of January 31, 2019, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	January 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 80,289	$ -	$ 80,289
Accounts payable and accrued liabilities	-	(151,975)	(151,975)
Due to related parties	-	(1,592,490)	(1,592,490)
Loans payable	-	(95,977)	(95,977)
	$ 80,289	$(1,840,442)	$(1,760,153)

	January 31, 2018		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 7,840	$ -	$ 7,840
Accounts payable and accrued liabilities	-	(182,913)	(182,913)
Due to related parties	-	(1,533,184)	(1,533,184)
Loans payable	-	(93,367)	(93,367)
	$ 7,840	$(1,809,464)	$(1,801,624)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

FINANCIAL INSTRUMENTS AND RISK (continued)

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2019 are as follows:

	Balance at January 31, 2019 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	80,289	80,289	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. To minimize the credit risk related to cash and cash equivalents, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2019, cash and cash equivalents do not exceed the amounts covered by federal deposit insurance. The Company continuously monitors accounts receivable to minimize risk. As at January 31, 2019, the Company's maximum risk exposure to credit risk is the carrying value of amounts recoverable of $8,761.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2019, the Company had a working capital deficiency of $1,920,728. The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2019, $41,548 in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

RECENT ACCOUNTING PROUNCEMENTS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new accounting standards and interpretations are not yet effective and have not been applied in the preparation of these consolidated financial statements:

New accounting standards effective for the Company on February 1, 2019:

IFRS 16, Leases - IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The eventual application of this standard is not expected to have a significant impact on the Company's existing accounting policies or the financial statement presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of Mount Dakota are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company assessed the design of its internal control over financial reporting as of January 31, 2019. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the nature of the joint venture agreements, the Company is completely reliant on joint venture partners for revenue and cost statements for some of the Company's wells; the Company's limited size does not make it economically feasible to establish a staff to audit the statements of the Company's partners

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward looking information.

SUBSEQUENT EVENTS

There are no subsequent events to report.

MOUNT DAKOTA ENERGY CORP.

CONDENSED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

OCTOBER 31, 2021 AND 2020

(UNAUDITED)

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MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT OCTOBER 31, 2021 AND JANUARY 31, 2021

(Unaudited) (Expressed in Canadian Dollars)

	Note	**October 31, 2021 $**	**January 31, 2021 $**
ASSETS			
CURRENT ASSETS			
Cash		340	32,259
Amounts recoverable		9,240	9,490
		9,580	41,749
DEPOSITS	4	76,743	76,456
		86,323	118,205
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		146,618	87,550
Due to related parties	8	9,450	1,868,939
Loans payable due to related parties	10(a)	-	161,317
Loans payable	10	1,841,974	-
Decommissioning provision	6	149,334	171,297
		2,147,376	2,289,103
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL	7	6,626,804	6,221,154
CONTRIBUTED SURPLUS		387,101	387,101
DEFICIT		(9,074,958)	(8,779,153)
		(2,061,053)	(2,170,898)
		86,323	118,205

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENT (Note 13)

Approved and authorized for issue on behalf of the Board:

"Eli Dusenbury"	***"John Kim"***
Eli Dusenbury, Director	John Kim, Director

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2021 AND 2020

(Unaudited) (Expressed in Canadian Dollars)

		THREE MONTHS ENDED October 31,		**NINE MONTHS ENDED October 31,**	
	Note	**2021 $**	**2020 $**	**2021 $**	**2020 $**
EXPENSES					
Accretion of decommissioning provision	6	-	280	-	840
Consulting		-	34,620	-	94,620
Decommissioning expense		-	14,500	-	14,500
Interest and bank charges		1,514	1,549	4,710	4,618
Legal and accounting	8	63,238	17,750	104,172	24,455
Office and miscellaneous		-	489	1,854	708
Rent		-	9,000	-	27,000
Transfer agent and filing fees		1,856	3,442	12,454	12,307
		66,608	81,630	123,190	179,048
LOSS FROM OPERATIONS		(66,608)	(81,630)	(123,190)	(179,048)
Loss on debt settlement	7(b)	-	-	(172,900)	-
Interest income		95	96	285	653
		95	96	(172,615)	653
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(66,513)	(81,534)	(295,805)	(178,395)
Net Loss Per Common Share – Basic and Diluted		(0.02)	(0.06)	(0.16)	(0.13)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted		2,666,138	1,336,136	1,906,136	1,336,136

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE NINE MONTHS ENDED OCTOBER 31, 2021 AND 2020

(Unaudited) (Expressed in Canadian Dollars)

	Share Capital Number of Shares	Share Capital Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
As at January 31, 2020	1,336,136	6,221,154	387,101	(8,553,385)	(1,945,130)
Loss for the period	–	–	–	(178,395)	(178,395)
As at October 31, 2020	1,336,136	6,221,154	387,101	(8,731,780)	(2,123,524)
As at January 31, 2021	1,336,136	6,221,154	387,101	(8,779,153)	(2,170,898)
Share issuance	1,330,000	405,650	–	-	405,650
Loss for the period	–	–	–	(295,805)	(295,805)
As at October 31, 2021	2,666,136	6,626,804	387,101	(9,074,958)	(2,061,053)

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

MOUNT DAKOTA ENERGY CORP.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2021 AND 2020

(Unaudited) (Expressed in Canadian Dollars)

	Note	NINE MONTHS ENDED October 31, 2021 $	2020 $
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the period		(295,805)	(178,395)
Items not affecting cash:			
Changes of decommissioning provision		-	840
Interest expense on loans payable		4,253	4,253
Interest income		(287)	(652)
Loss on debt settlement	9	172,900	-
Change in non-cash components of working capital:			
Decrease in amount recoverable		250	2,030
Decrease in decommissioning provision		(21,963)	-
Decrease in accounts payable and accrued liabilities		68,518	24,148
Increase (Decrease) in due to related parties		(9,450)	121,725
NET CASH USED IN OPERATING ACTIVITIES		(81,584)	(25,399)
FINANCING ACTIVITIES			
Net proceeds from loans		49,665	17,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		49,665	17,000
DECREASE IN CASH		(31,919)	(9,051)
CASH – BEGINNING OF PERIOD		32,259	11,989
CASH – END OF PERIOD		340	1,316

Supplemental information with regards to cash flows see Note 9.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mount Dakota Energy Corp. (the "Company") is incorporated under the laws of British Columbia and is primarily engaged in the acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Canada.

The head office, principal address and records office of the Company are located at 363 West 6th Ave, Vancouver, British Columbia. The Company's registered address is at the same address.

For the nine month period ended October 31, 2021, the Company reported a net loss of $295,805, negative cash flows from operating activities of $81,610, positive cash flows from financing activities of $49,691, an accumulated deficit of $9,074,958 and a working capital deficiency of $2,137,796. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company is in the process of decommissioning its assets, site rehabilitation and exploring business opportunities outside of the petroleum and natural gas sector.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is currently dependent on loans from its creditors to maintain its operations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. BASIS OF PREPARATION

[a] Statement of compliance

These financial statements of the Company have been prepared in accordance 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 of the Company have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34 Interim Financial Reporting.

The financial statements were authorized for issue by the Board of Directors on December 30, 2021.

[b] Basis of measurement

The financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at October 31, 2021 and 2020, the Company had no cash equivalents.

[b] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3(e).

Property and Equipment
The Company evaluates its long-lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[b] Use of estimates and judgments (continued)

Decommissioning Provision
In estimating the future decommissioning provision, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion
Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes
Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

[c] Property and equipment

Property and equipment includes petroleum and natural gas development and production assets, including costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Property and equipment is measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[c] Property and equipment (continued)

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Equipment

Furniture and computer equipment are recorded at cost and depreciated using the straight–line method based on their estimated useful lives of 3 years, net of any estimated residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

[d] Exploration and evaluation costs

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs (“E&E”), including the costs of acquiring licenses, exploratory drilling and completion costs and directly attributable general and administrative costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved and probable reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved and probable reserves have been discovered. Upon determination of proved and probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of reserve properties may exceed their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Impairment

The carrying amounts of the Company's property and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized.

[f] Provisions

(i) Legal matters

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(ii) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category. Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

[g] Functional currency and foreign currency translation

The presentation currency and functional currency of the Company is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[h] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying values and the tax bases of the related assets and liabilities. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

[i] Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include amounts recoverable and deposits.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, due to related parties and loans payable are classified as amortized cost. The Company does not currently have any FVTPL financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[i] Financial instruments (continued)

(iii) Impairment of financial assets

An expected credit loss model exists for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's cash.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

[j] Share-based payments

The Company grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is contributed surplus.

The fair value of stock options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

[k] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as currency gains or losses related to self-sustaining operations. Comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the statements of loss and comprehensive loss and the statements of changes in shareholders' equity (deficiency).

(Unaudited) (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[l] Basic and diluted loss per share

The Company computes basic loss per share by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. Any existence of stock options causes the calculation of diluted loss per share to be anti-dilutive. Accordingly, diluted loss per share is equal to basic loss per share.

[m] New, amended and future accounting pronouncements

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. DEPOSITS

The Company is required at certain times to remit deposits to the Alberta Energy Regulator to be used for the reclamation of well sites. Upon successful reclamation and receipt of reclamation certificates in accordance with Alberta's Environmental Protection and Enhancement Act, the Company may apply for release of its deposit funds. As at October 31, 2021, the Company has outstanding net deposits of $76,743 (January 31, 2021 - $76,456). The change in the net deposit is due to interest earned of $287.

5. PROPERTY AND EQUIPMENT

	Petroleum and natural gas properties	Furniture and computer equipment	Total
Cost:			
Balance, January 31, 2020	$ 122,525	$ 10,372	$ 132,897
Additions	-	-	-
Change in estimated decommissioning costs	-	-	-
Write down	122,525	-	-
Balance, January 31, 2021	$ -	$ 10,372	$ 10,372
Additions	-	-	-
Change in estimated decommissioning costs	-	-	-
Write down	-	-	-
Balance, October 31, 2021	$ -	$ 10,372	$ 10,372
Accumulated depletion and depreciation:			
Balance, January 31, 2020	$ (122,524)	$ (10,372)	$ (132,896)
Write down	122,524	-	122,524
Balance, January 31, 2021	$ -	$ (10,372)	$ (10,372)
Write down	-	-	-
Balance, October 31, 2021	$ -	$ (10,372)	$ (10,372)
Net book value:			
As at January 31, 2020	$ 1	$ -	$ 1
As at January 31, 2021	$ -	$ -	$ -
As at October 31, 2021	$ -	$ -	$ -

(Unaudited) (Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT (continued)

The Company's petroleum and natural gas properties consist of the Alsike wells based in Alberta. The Company retains liability and its 100% working interest in the wells until it receives reclamation certificates from the Alberta Government issued by AER Alberta Energy Regulator.

During fiscal 2021, the Company decided to decommission and abandon the wells and consequently wrote its assets off.

During October 2020, the Company has entered into agreements with engineering companies to assist with its ongoing reclamation efforts in order to be granted reclamation certificates in accordance with Alberta's Environmental Protection and Enhancement Act (see Note 6).

6. DECOMMISSIONING PROVISION

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provision associated with the Company's reclamation efforts for its petroleum and natural gas properties:

	October 31, 2021	**January 31, 2021**
	$	$
Balance, beginning of period	171,297	170,457
Accretion expense	-	840
Settlement of decommissioning liability	(21,963)	-
Balance, end of period	149,334	171,297

The estimated net present value of the obligation was calculated using a risk-free interest rate of 0.14% (2021 - 0.14%) based on the Bank of Canada benchmark bond yields corresponding to the estimated time of reclamation and an inflation rate of 1%.

7. SHARE CAPITAL

[a] Authorized Share Capital

Unlimited common shares without par value

[b] Issued and Outstanding Share Capital

Changes in common shares issued and outstanding are provided in the statements of changes in shareholders' equity (deficiency).

On February 11, 2021, the Company received TSX Venture Exchange approval for its share consolidation on the basis of one (1) post-consolidated common share for each ten (10) pre-consolidated common shares of the Company. The consolidation, which was authorized and approved by the board of directors pursuant to a resolution dated December 10, 2020, is effective on February 16, 2021 (the "Effective Date"). The pre-consolidated common shares totaling 13,362,552 have been reduced to 1,336,136 post-consolidated common shares.

All shares and per share amounts have been retroactively adjusted to reflect the share consolidation.

On July 6, 2021, the Company issued 1,330,000 common shares at fair value of $405,650 to settle a total of $232,750 in debt resulting in a loss on debt settlement of $172,900.

[c] Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant stock options to its directors, officers, employees and consultants. The number of stock options available under the Plan shall not exceed 20% of the issued and outstanding common shares of the Company.

The exercise price of each stock option granted generally equals the market price on the date of the grant. Stock options generally vest over an eighteen-month period from the date of grant and carry a maximum term of five years as determined by the Company's board of directors.

The Company did not grant any stock options nor had any stock options outstanding during the periods ended October 31, 2021 and 2020.

(Unaudited) (Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

Due to related parties and loans due to related parties:

Net accounting expense totalling $13,500 (2020 - $9,900) plus applicable taxes provided by a company controlled by a director of the Company has been paid or accrued during the period. On May 7, 2021, $14,175 of outstanding payables have been settled by a third party (see Note 10(b). As at October 31, 2021, $9,450 (January 31, 2021 - $9,450) has been included in due to related parties.

During the period ended October 31, 2021, the Company repaid a total of $7,000 (2020 - $Nil) in advances by a director of the Company.

On May 7, 2021 the Company received notice from a director of the Company that an aggregated amount of $2,015,224 owed to the director has been assigned to an arms-length party. The assignment included all existing interest bearing loans of $37,800 (January 31, 2021 - $37,800) at 15% interest per year, and non-interest bearing advances, rent, consulting debts, and accrued interest owed by the Company.

9. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOW

On July 6, 2021, the Company issued 1,330,000 common shares at fair value of $405,650 to settle a total of $232,750 in debt resulting in a loss on debt settlement of $172,900.

10. LOANS PAYABLE AND DISCLOSURE ON DEBT ASSIGNMENTS AND SETTLEMENT

Loan continuity table

		October 31, 2021
		$
Balance, beginning of period		-
Debt assignment	(Note 8)	2,015,224
Advances		56,665
Settlement via share issuance	(Note 7)	(232,750)
Interest on loans		2,835
Balance, end of period		1,841,974

[a] On May 7, 2021 the Company received notice from a director of the Company that an aggregated amount of $2,015,224 owed to the director has been assigned to an arms-length party (‘Assignment’). The Assignment included interest bearing loans of $37,800, and non-interest bearing debts and accrued interest of $1,977,424. Parts of the Assignment were non-cash re-financing transactions and included a total amount of $1,859,489 to be re-categorized from due to related parties to loans payable and further an amount of $155,735 to be re-categorized from loans payable to loans payable to related parties.

[b] The Assignment was accompanied by a total direct payment of $56,665 by the arms-length party to other creditors of the Company on behalf of the Company.

There are no executed agreements in place. The loans are not secured, have no stated interest and have no terms of repayment.

(Unaudited) (Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and amounts due to related parties. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements. The Company did not change its capital management objectives during the period ended October 31, 2021.

12. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	October 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
	$	$	$
Cash	340	-	340
Amounts recoverable	-	9,240	9,240
Deposits	-	76,743	76,743
Accounts payable and accrued liabilities	-	(151,343)	(151,343)
Due to related parties	-	(4,725)	(4,725)
Loans payable	-	(1,841,974)	(1,841,974
	340	(1,912,059)	(1,911,719)

	January 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
	$	$	$
Cash	32,259	-	32,259
Amounts recoverable	-	9,490	9,490
Deposits	-	76,456	76,456
Accounts payable and accrued liabilities	-	(87,550)	(87,550)
Due to related parties	-	(1,868,939)	(1,868,939)
Loans payable	-	(161,317)	(161,317)
	32,259	(2,031,860)	(1,999,601)

(Unaudited) (Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of October 31, 2021 are as follows:

	Balance at October 31, 2021 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	340	340	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable and deposits. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at October 31, 2021, cash balances do not exceed the amounts covered by federal deposit insurance. As at October 31, 2021, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at October 31, 2021, the Company had a working capital deficiency of $2,137,796 (see Note 1). The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

(Unaudited) (Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at October 31, 2021, $37,800 (January 31, 2021 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

13. COMMITMENT

During 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay a total annual consideration of $12,000 for the Alsike properties for a total of five years. Total consideration paid at the end of five years will be $60,000. The Company has made total payments of $34,500 with $25,500 outstanding.

On October 28, 2020, the Company entered into a settlement-agreement according to which the Company agreed to pay the amount of $37,000 in full and final settlement for all damages that may have incurred on the surface leases.

Further, the Company will pay $3,000 representing rentals due and owing for period of January 1, 2020 to December 31, 2021.

Any such outstanding amounts are included in decommissioning provision (Note 6).

Settlement	$	37,000
Rentals 2020 - 2021		3,000
	$	40,000

14. SUBSEQUENT EVENTS

The Company entered into a Letter of Intent ("LOI") with HYTN Beverage Corp. ("HYTN") to complete a business combination by way of an amalgamation transaction (the "Acquisition").

The Proposed Transaction is intended to constitute a Reverse Takeover and will be completed contemporaneously with a delisting of MMO's securities from the TSX Venture Exchange ("TSXV") and listing on the Canadian Securities Exchange (the **"CSE**") (collectively the "Listing Transfer", and together with the Acquisition, the "Proposed Transaction"). As a result of the Acquisition, the Company will acquire all of the issued and outstanding securities of HYTN in exchange for the issuance of 15,532,000 Common Shares at a deemed price of $0.35 per share and up to 2,532,000 Warrants of the Issuer as consideration to the HYTN security holders.

MOUNT DAKOTA ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS PERIOD ENDED OCTOBER 31, 2021

December 30, 2021 - The following Management Discussion and Analysis of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended October 31, 2021, and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on TSX Venture Exchange under the symbol "MMO.V".

Mount Dakota is currently listed on the NEX on the TSX Venture Exchange. The Company is in the processes of pursuing business outside of the oil and gas industry.

The management of the Company wishes to inform shareholders of the Company, and potential shareholders, that shares in the Company should be rated as "highly speculative" and are not suitable for risk adverse individuals or portfolios. Please consult with your registered financial advisor as to the appropriateness of having or holding shares in a "highly speculative" security.

The unaudited condensed interim financial statements for the nine months ended October 31, 2021, which are discussed in this MD&A, have been prepared in accordance 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").

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the unaudited financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. All dollar amounts included herein are in Canadian dollars except where noted.

OPERATIONS

Mount Dakota did not have any production to report during the nine months ended October 31, 2021.

FINANCIAL RESULTS

Gross revenue during the nine months ended October 31, 2021 was $Nil compared to $NIL during the previous period ending in 2020.

Operating Income	**For nine months ended October 31, 2021 ($)**	**For nine months ended October 31, 2020 ($)**
Revenue	-	-
Royalties (Refund)	-	-
Production Costs	-	-
Gross Operating Profit (Loss)	-	-

General and Administrative

General and administrative expenditures for the nine months ended October 31, 2021, were $123,190 as compared to $179,048 for 2020. As of October 31, 2021, $4,725 (2020 - $1,868,939) has been accrued to parties related to a director of the Company. Amounts due to related parties were assigned to an arm's length party. As of October 31, 2021, $1,841,974 (2020 – Nil) loans payable remain outstanding. The outstanding amounts are non-interest bearing, unsecured and due on demand.

Annual Financial Information

Year Ended	IFRS January 31, 2021	IFRS January 31, 2020	IFRS January 31, 2019
Financial Results			
Oil & Gas Expenditures	$ -	$ -	$ 731
General & Administrative	226,516	226,522	255,169
Loss for the Year	(225,768)	(98,612)	(254,893)
Loss Per Common Share (Basic & Diluted)	(0.17)	(0.07)	(0.02)
Financial Position			
Working Capital (Deficiency)	(2,247,354)	(2,020,839)	(1,920,729)
Petroleum and Natural Gas Properties	-	1	1
Total Assets	118,205	91,401	163,261
Share Capital	6,221,154	6,221,154	6,221,154
Deficit	(8,779,153)	(8,553,385)	(8,454,773)

Cash Flow from Operations and Net Income (Loss)

For the nine months ended October 31, 2021, the Company reported loss and comprehensive loss of $295,805 compared to loss and comprehensive loss of $178,395 for the comparative period in 2020. A loss on debt settlement of $172,900 was responsible for the higher losses.

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS October 31, 2021	IFRS July 31, 2021	IFRS April 30, 2020	IFRS January 31, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Oil & Gas Expenditures	Nil	Nil	Nil	Nil
General & Administrative	66,608	29,902	26,683	47,468
Other Income	95	97	94	95
Total (Loss)	(66,513)	(202,705)	(26,589)	(47,373)
Loss Per Common Share - Basic & Diluted	(0.02)	(0.12)	(0.02)	(0.04)

Three-Month Period Ended	IFRS October 31, 2020	IFRS July 31, 2020	IFRS April 30, 2019	IFRS January 31, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Oil & Gas Expenditures	Nil	Nil	Nil	Nil
General & Administrative	81,630	49,711	47,707	56,152
Other Income	96	95	462	124
Total (Loss)	(81,534)	(49,616)	(47,245)	69,884
Loss Per Common Share - Basic & Diluted	(0.06)	(0.04)	(0.03)	0.05

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended October 31, 2021, the Company reported a net loss of $295,805, cash flows from operating activities of ($81,610), an accumulated deficit of $9,074,958 and a working capital deficiency of $2,137,796. These factors raise significant doubt about the Company's ability to continue as a going concern. Under such conditions, the Company does not have sufficient working capital to maintain current operations for at least twelve months. The Company will need to raise capital through the equity markets for the necessary working capital. The Company will continue to rely on the goodwill of management until the Company is in the position to pay management. The Company has paid no dividends to date. The Company has financed operations to date through operations, and through the issuance of common shares to founding directors and other shareholders. Total current liabilities outstanding is $2,147,376.

SHARE CAPITAL

On February 11, 2021 the Company announced that TSX Venture Exchange approved the Company's share consolidation of the basis of one (1) post-consolidated common share for each ten (10) pre-consolidated common shares of the Company. The Consolidation, which was authorized and approved by the board of directors pursuant to a resolution dated December 10, 2020, is effective on February 16, 2021 (the "Effective Date"). The pre-consolidated common shares totaling 13,362,552 have been reduced to 1,336,136 post-consolidated common shares.

On July 6, 2021, the Company issued 1,330,000 common shares at fair value of $405,650 to settle a total of $232,750 in debt resulting in a loss on debt settlement of $172,900.

RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

Due to related parties and loans due to related parties:

Net accounting expense totalling $13,500 (2020 - $9,900) plus applicable taxes provided by a company controlled by a director of the Company has been paid or accrued during the period. On May 7, 2021, $14,175 of outstanding payables have been settled by a third party. As at October 31, 2021, $9,450 (January 31, 2021 - $9,450) has been included in due to related parties.

During the period ended October 31, 2021, the Company repaid a total of $7,000 (2020 - $Nil) in advances by a director of the Company.

On May 7, 2021 the Company received notice from a director of the Company that an aggregated amount of $2,015,224 owed to the director has been assigned to an arms-length party. The assignment included all existing interest bearing loans of $37,800 (January 31, 2021 - $37,800) at 15% interest per year, and non-interest bearing advances, rent, consulting debts, and accrued interest owed by the Company.

LOANS PAYABLE AND DISCLOSURE ON DEBT ASSIGNMENTS AND SETTLEMENT

On May 7, 2021 the Company received notice from a director of the Company that an aggregated amount of $2,015,224 owed to the director has been assigned to an arms-length party ('Assignment'). The Assignment included interest bearing loans of $37,800, and non-interest bearing debts and accrued interest of $1,977,424. Parts of the Assignment were non-cash re-financing transactions and included a total amount of $1,859,489 to be re-categorized from due to related parties to loans payable and further an amount of $155,735 to be re-categorized from related parties to loans payable.

The Assignment was accompanied by a total direct payment of $56,665 by the arms-length party to other creditors of the Company on behalf of the Company.

BUSINESS PROSPECTS AND OUTLOOK

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Decommissioning Provisions

In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

As of October 31, 2021, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	October 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 340	$ -	$ 340
Amounts recoverable		9,240	9,240
Deposits		76,743	76,743
Accounts payable and accrued liabilities	-	(151,343)	(151,343)
Due to related parties	-	(4,725)	(4,725)
Loans payable	-	(1,841,974)	(1,841,974)
	$ 340	$(1,912,059)	$(1,912,059)

	January 31, 2021		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 32,259	$ -	$ 32,259
Amounts recoverable	-	9,490	9,490
Deposits	-	76,456	76,456
Accounts payable and accrued liabilities	-	(87,550)	(87,550)
Due to related parties	-	(1,868,939)	(1,868,939)
Loans payable	-	(161,317)	(161,317)
	$ 32,259	$(2,103,860)	$(1,999,601)

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of October 31, 2021 are as follows:

	Balance at October 31, 2021 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	340	340	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and amounts recoverable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at October 31, 2021, cash balances do not exceed the amounts covered by federal deposit insurance. As at October 31, 2021, the Company has minimal amounts recoverable exposure, as it relates to amounts due from the government of Canada pursuant to goods and services tax credits.

FINANCIAL INSTRUMENTS AND RISK

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 manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at October 31, 2021, the Company had a working capital deficiency of $2,137,796. The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at October 31, 2021, $37,800 (January 31, 2021 - $37,800) in loans payable is owing and is subject to interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of Mount Dakota are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company assessed the design of its internal control over financial reporting as of October 31, 2021. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- The Company's limited size does not make it economically feasible to establish a staff to audit the statements of the Company's partners

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward looking information.

COMMITMENT

During 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay a total annual consideration of $12,000 for the Alsike properties for a total of five years. Total consideration paid at the end of five years will be $60,000. The Company has made total payments of $34,500 with $25,500 outstanding.

On October 28, 2020, the Company entered into a settlement-agreement according to which the Company agreed to pay the amount of $37,000 in full and final settlement for all damages that may have incurred on the surface leases.

Further, the Company will pay $3,000 representing rentals due and owing for period of January 1, 2020 to December 31, 2021.

Settlement	$	37,000
Rentals 2020 -2021		3,000
	$	40,000

SUBSEQUENT EVENTS

The Company entered into a Letter of Intent (“LOI”) with HYTN Beverage Corp. (“HYTN”) to complete a business combination by way of an amalgamation transaction (the “Acquisition”).

The Proposed Transaction is intended to constitute a Reverse Takeover and will be completed contemporaneously with a delisting of MMO’s securities from the TSX Venture Exchange (“TSXV”) and listing on the Canadian Securities Exchange (the **“CSE**”) (collectively the “Listing Transfer”, and together with the Acquisition, the “Proposed Transaction”). As a result of the Acquisition, the Company will acquire all of the issued and outstanding securities of HYTN in exchange for the issuance of 15,532,000 Common Shares at a deemed price of $0.35 per share and up to 2,532,000 Warrants of the Issuer as consideration to the HYTN security holders.

APPENDIX B: HYTN FINANCIAL STATEMENTS

[Please see attached]

HYTN Beverage Corp.

Financial Statements

For the year ended September 30, 2021

(Expressed in Canadian Dollars)

Crowe MacKay LLP
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Independent Auditor's Report

To the Board of Directors of HYTN Beverage Corp.

Opinion

We have audited the financial statements of HYTN Beverage Corp. ("the Company"), which comprise the statements of financial position as at September 30, 2021, September 30, 2020, and September 30, 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the periods 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 at September 30, 2021, September 30, 2020, and September 30, 2019, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which describes the material uncertainty 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.

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 International Financial Reporting Standards, 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.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
February 14, 2022

HYTN Beverage Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		September 30, 2021		September 30, 2020		September 30, 2019
ASSETS							
Current Assets							
Cash		$	264,062	$	176,465	$	271,160
Amounts receivable			33,291		23,100		40,593
Prepaid expense			87,097		35,508		79,616
Inventory	5		122,840		117,312		18,300
Loan receivable	15		38,785		-		-
Total current assets			546,075		352,385		409,669
Deposits			10,450		-		-
Equipment and leasehold improvements	6		1,438,438		444,640		97,586
Right-of-use asset	7		766,925		-		-
Total non-current assets			2,215,813		444,640		97,586
TOTAL ASSETS		$	2,761,888	$	797,025	$	507,255
LIABILITIES							
Current Liabilities							
Accounts payable and accrued liabilities	11	$	195,510	$	51,168	$	18,405
Loan payable	9		1,747,547		-		-
Current portion of lease liability	7		108,946		-		-
Total Current liabilities			2,052,003		51,168		18,405
Non-Current Liability							
Lease liability	7		718,764		-		-
TOTAL LIABILITIES			2,770,767		51,168		18,405
SHAREHOLDERS' EQUITY (DEFICIENCY)							
Share capital	10		1,446,471		800,576		800,526
Subscriptions received			-		530,000		-
Deficit			(1,455,350)		(584,719)		(311,676)
Total equity (deficiency)			(8,879)		745,857		488,850
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		$	2,761,888	$	797,025	$	507,255

Nature of operations – Note 1
Going concern – Note 2
Subsequent events – Note 15

These financial statements were authorized for issue on behalf of the Board of Directors.

"Elliot Mckerr", Director *"Jason Broome",* Director

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

HYTN Beverage Corp.
Statements of Loss and Comprehensive Loss
For the years ended September 30, 2021 and 2020 and the period from incorporation on October 16, 2018 to September 30, 2019
(Expressed in Canadian dollars)

	Notes	Year ended September 30, 2021	Year ended September 30, 2020	Period ended September 30, 2019
EXPENSES				
Advertising and marketing		$ 54,626	$ 4,014	$ 749
Consulting and salaries	11	351,251	67,590	196,841
Depreciation	6, 7	67,318	936	702
Office and miscellaneous		156,794	46,797	14,130
Professional fees		107,397	34,501	14,052
Rent	11	-	60,340	74,480
Travel		44,400	18,129	10,737
		(781,786)	(232,307)	(311,691)
Interest (expense) income	7, 9	(89,250)	48	15
Foreign exchange gain (loss)		405	(269)	-
Inventory write down	5	-	(40,515)	-
		(88,845)	(40,736)	15
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (870,631)	$ (273,043)	$ (311,676)
Loss per share, basic and diluted		$ (0.07)	$ (2.65)	$ (4.66)
Weighted average number of common shares outstanding		12,658,077	103,138	66,943

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

HYTN Beverage Corp.
Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended September 30, 2021 and 2020 and the period from incorporation on October 16, 2018 to September 30, 2019
(Expressed in Canadian dollars)

	Share Capital				
	Number	Amount	Subscriptions Received	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$
Incorporation, October 16, 2018	-	-	-	-	-
Private placement – Class A	93,876	700,526	-	-	700,526
Shares-for-debt – Class A	6,125	100,000	-	-	100,000
Net loss for the period	-	-	-	(311,676)	(311,676)
September 30, 2019	100,001	800,526	-	(311,676)	488,850
Shares-for-debt – Class A	5,000	50	-	-	50
Subscriptions received	-	-	530,000	-	530,000
Net loss for the year	-	-	-	(273,043)	(273,043)
September 30, 2020	105,001	800,576	530,000	(584,719)	745,857
Private placements	15,426,999	645,895	(530,000)	-	115,895
Net loss for the year	-	-	-	(870,631)	(870, 631)
September 30, 2021	15,532,000	1,446,471	-	(1,455,350)	(8,879)

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

HYTN Beverage Corp.
Statements of Cash Flows
For the years ended September 30, 2021 and 2020 and the period from incorporation on October 16, 2018 to September 30, 2019
(Expressed in Canadian dollars)

	Year ended September 30, 2021	Year ended September 30, 2020	Period ended September 30, 2019
Cash (used in) provided by:			
OPERATING ACTIVITIES:			
Net loss for the period	$ (870,631)	$ (273,043)	$ (311,676)
Items not involving cash:			
Depreciation	67,318	936	702
Interest expense	89,250	-	-
Inventory write down	-	40,515	-
Net changes in non-cash working capital items:			
Amounts receivable	(10,191)	17,493	(40,593)
Prepaid expense	(51,589)	44,108	(79,616)
Inventory	(5,528)	(139,527)	(18,300)
Accounts payable and accrued liabilities	87,854	32,813	118,405
Net cash used in operating activities	(693,517)	(276,705)	(311,078)
INVESTING ACTIVITIES:			
Deposits	(10,450)	-	-
Equipment and leasehold improvements	(973,584)	(347,990)	(98,288)
Funds loaned	(38,785)	-	-
Cash used in investing activities	(1,022,819)	(347,990)	(98,288)
FINANCING ACTIVITIES:			
Repayment of lease liability	(41,962)	-	-
Proceeds from loan	1,730,000	101,611	-
Repayment of loan	-	(101,611)	-
Proceeds from issuance of common shares	115,895	-	700,526
Subscriptions received	-	530,000	-
Proceeds from refundable deposits	497,105	-	-
Return of refundable deposits	(497,105)	-	-
Cash provided by financing activities	1,803,933	530,000	700,526
Net increase (decrease) in cash	87,597	(94,695)	271,160
Cash, beginning of period	176,465	271,160	-
Cash, end of period	$ 264,062	$ 176,465	$ 271,160
Interest paid	$ -	$ -	$ -
Taxes paid	$ -	$ -	$ -
Non-cash investing and financing activities			
Shares issued for debt settlement	$ -	$ 50	$ 100,000
Acquisition of right-of-use asset	$ 797,969	$ -	$ -
Equipment and leasehold improvements expenditures in accounts payable and accrued liabilities	$ 56,488	$ -	$ -

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

1. NATURE OF OPERATIONS

HYTN Beverage Corp. ('the Company') was incorporated under the laws of British Columbia on October 16, 2018. The Company's registered office is The King George Building 6TH Floor, 905 W Pender St, Vancouver, BC V6C 1L6.

The Company was incorporated with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products. On January 31, 2022, the Company entered into a share exchange agreement (the "SEA") with Mount Dakota Energy Corp. ("Mount Dakota"), a public company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to the terms of the SEA, Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis (the "Acquisition"). Consequently, this Acquisition constitutes a change of business and a reverse takeover of Mount Dakota by the Company and reverse acquisition accounting will be applied. This acquisition will complete concurrently with Mount Dakota pursuing moving its publicly listed share on the Canadian Securities Exchange ("CSE") from the TSX-V. This transaction has not yet completed as of the date of the audit report.

These audited financial statements of the Company for the periods ended September 30, 2021, 2020, and 2019, were approved by the Board of Directors on February 14, 2022.

2. GOING CONCERN

The Company has incurred loss since inception and has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern due to the Company's reliance on external funding through equity and debt financing.

3. BASIS OF PRESENTATION

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

3.1. Basis of measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

3. BASIS OF PRESENTATION (CONTINUED)

3.2. Significant judgments, estimates and assumptions (continued)

Financial instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgements or assessments made by management.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. In assessing the Company's ability to continue as a going concern, market and regulatory factors are considered.

Critical Accounting Estimates

Inventory

The Company estimates the net realizable value of inventory taking into account the most reliable evidence available at each reporting date.

Estimated useful lives, impairment considerations and amortization of tangible assets

Amortization of tangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of tangible assets with limited lives are affected by judgments about impairment indicators and estimates used to measure impairment losses where necessary.

The recoverable value of tangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

Leases

The application of IFRS 16 Leases requires assumptions and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgment must be applied to assess whether or not a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Judgment must also be applied as to whether renewal options are reasonably certain of being exercised and whether periods covered by an option to terminate are reasonably certain of not being exercised. Significant estimates are required to be made when determining the implicit and incremental rates of borrowing, as applicable.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Impairment of Non-Financial Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated. If the recoverable amount is less than the carrying amount, then there is impairment. Where an impairment loss exists, the portion of the carrying amount exceeding the recoverable amount is recorded as an expense immediately. Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstance indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. The reversal is recognized in profit or loss immediately.

4.2 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.3 Foreign Currency Translation

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the most recently closed private placement with arm's length investors. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.6 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.8 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.9 Financial Instruments - Recognition and Measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial Instruments - Recognition and Measurement (continued)

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Amounts receivable	Amortized cost
Loan receivable	Amortized cost
Loan payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Comprehensive Income (Loss)

Total comprehensive loss comprises all components of profit or loss and other comprehensive loss. Other comprehensive loss includes items such as gains and losses on re-measuring financial instruments designated as FVOCI financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.11 Inventory

Inventory of raw materials, merchandise and devices and finished goods are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method, which under the circumstances, management believes will provide for the most practical basis for the measurement of periodic income. Currently inventory consists of raw materials that will be used in production of its beverages. Management periodically reviews inventory for obsolescence and considers realizability based on the Company's marketing strategies and sales forecasts to determine if an allowance is necessary. If net realizable value is below cost, then an allowance is created to adjust the carrying amount of inventory or is written off.

4.12 Equipment

Equipment, computer and leasehold improvements are stated at the cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Equipment is amortized on a straight-line basis over its estimated useful life of 7 years and leasehold improvements amortized over the life of the lease. The Company's computer equipment is depreciated on a straight-line basis over 2 years.

4.13 Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets six key evaluations, amongst which are:

a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
b) The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
c) The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Leases (Continued)

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statements of financial position, the right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

4.14 Changes in Significant Accounting Policies

Accounting standard anticipated to be effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after October 1, 2021, or later periods. These standards were updated in the current fiscal year.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. These amendments are effective for reporting periods beginning on or after January 1, 2022.

(Expressed in Canadian dollars)

5. INVENTORY

Inventory consists of raw materials that will be used in production of its beverage products. During the year ended September 30, 2021, the Company wrote off $nil (2020 – $40,515; 2019 – $nil) consisting of labels and cans that could no longer be used in production.

6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

As at September 30, 2021, the Company's equipment and leasehold improvements are as follows:

Cost		**Leasehold Improvements**		**Equipment**		**Computer**		**Total**
Balance, October 16, 2018	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Additions		-		96,415		1,873		98,288
Balance, September 30, 2019		**-**		**96,415**		**1,873**		**98,288**
Additions		4,429		343,561		-		347,990
Balance, September 30, 2020		**4,429**		**439,976**		**1,873**		**446,278**
Additions		919,749		101,336		8,987		1,030,072
Balance, September 30, 2021	**$**	**924,178**	**$**	**541,312**	**$**	**10,860**	**$**	**1,476,350**

Accumulated Depreciation		**Leasehold Improvements**		**Equipment**		**Computer**		**Total**
Balance, October 16, 2018	**$**	-	$	-	$	**-**	$	**-**
Additions		-		-		702		702
Balance, September 30, 2019		-		-		**702**		**702**
Additions		-		-		936		936
Balance, September 30, 2020		-		-		**1,638**		**1,638**
Additions		15,403		19,333		1,538		36,274
Balance, September 30, 2021	**$**	**15,403**	$	**19,333**	**$**	**3,176**	**$**	**37,912**
Net, September 30, 2019	**$**	**-**	**$**	**96,415**	**$**	**1,171**	**$**	**97,586**
Net, September 30, 2020	**$**	**4,429**	**$**	**439,976**	**$**	**235**	**$**	**444,640**
Net, September 30, 2021	**$**	**908,775**	**$**	**521,979**	**$**	**7,684**	**$**	**1,438,438**

(Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company's right-of-use asset relates to its leased warehouse and manufacturing facility. The Company has one lease with monthly payments of $10,490, increasing every year by $1 per square foot over the initial 5 years, with an initial term of 10 years and three options to renew for an additional 5 years. The lease is secured by the Company's tangible assets. The incremental borrowing rate applied to lease liability was 15%.

The Company has elected to apply the practical expedient to not separate the non-lease components from the lease component. Accordingly, the lease payments used to measure the right-of-use asset and lease liability includes both the non-lease and lease components.

The carrying value of the Company's right-of-use asset is as follows:

COST		**Total**
Balance, September 30, 2020 and 2019	**$**	**-**
Additions		797,969
Balance, September 30, 2021	**$**	**797,969**
ACCUMULATED DEPRECIATION		
Balance, September 30, 2020 and 2019	**$**	**-**
Additions		31,044
Balance, September 30, 2021	**$**	**31,044**
Net, September 30, 2020, and 2019	**$**	**-**
Net, September 30, 2021	**$**	**766,925**

(Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

The carrying value of the lease obligation is as follows:

Balance, September 30, 2020 and 2019	**$**	**-**
Additions		797,969
Interest/accretion expense		71,703
Repayments		(41,962)
Balance, September 30, 2021		**827,710**
Less: Current portion		(108,946)
Lease liability, long-term	**$**	**718,764**

The Company's annual lease payments are as follows:

Years ending		
September 30, 2022	$	128,811
September 30, 2023		133,827
September 30, 2024		138,843
September 30, 2025 and thereafter		1,664,159
Total lease payments		2,065,640
Remaining present value adjustment to be accreted over the lease term		(1,237,930)
Lease liability balance, September 30, 2021	**$**	**827,710**

8. REFUNDABLE DEPOSITS

During the year ended September 30, 2021, the Company held and repaid $497,105 (2020 – $nil; 2019 – $nil) in refundable deposits. The refundable deposits were unsecured and had no terms of repayment or interest. The refundable deposits were repaid with proceeds from a promissory note from 1306562 B.C. Ltd. (Note 9).

9. LOAN PAYABLE

During the year ended September 30, 2021, the Company entered into a promissory note agreement with 1306562 B.C. Ltd to receive funds for the purpose of pursuing its SEA with Mount Dakota as concurrently, Mount Dakota has signed a binding Letter of Intent with 1306562 B.C. Ltd. whereby Mount Dakota will acquire all of the outstanding securities of 1306562 B.C. Ltd. in exchange for securities of Mount Dakota. The promissory note for the sum of up to $2,500,000 is unsecured, and accrues interest at 10% per annum payable along with the principal on the earlier of June 24, 2022 or the demand date.

As at September 30, 2021, a total of $1,730,000 has been borrowed and due on demand with interest expense of $17,547 (2020 and 2019 - $nil) accrued and due on demand during the year ended September 30, 2021. Subsequent to the year-end, an additional $575,000 has been borrowed under the loan agreement.

(Expressed in Canadian dollars)

10. EQUITY

10.1 Authorized Share Capital

Unlimited number of Class "A" Common voting shares

10.2 Shares Issued

Shares issued and outstanding as at September 30, 2021 are 15,532,000 (2020 – 105,001; 2019 – 100,001) Class A common shares.

During the year ended September 30, 2021, the following share transactions occurred:

On November 26, 2020, the Company issued 12,894,999 Class A common shares at $0.001 per common share for total proceeds of $12,895;

On February 1, 2021, the Company issued 2,532,000 units at $0.25 per unit for total proceeds of $633,000. Each unit consists of one Class A common share and one warrant exercisable at $0.50 for 24 months.

During the year ended September 30, 2020, the following share transaction occurred:

On February 14, 2020, the Company issued 5,000 Class A common shares at $0.01 per common share to settle debt of $50 with a director of the Company.

During the period ended September 30, 2019, the following share transactions occurred:

On October 16, 2018, the Company issued 51,000 Class A common shares at $0.01 per common share for total proceeds of $510;

On December 19, 2018, the Company issued 6,126 Class A common shares at $16.33 per common share for total proceeds of $100,016 from a director of the Company.

On January 18, 2019, the Company issued 6,125 Class A common shares at $16.33 per common share to settle debt of $100,000 with a director of the Company.

During July 24, 2019, the Company issued 36,750 Class A common shares at $16.33 per common share for total proceeds of $600,000 from a director of the Company.

10.3 Warrants

A summary of the changes in the Company's share purchase warrants is a follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2020 and 2019	**-**	**$ -**
Issued	2,532,000	0.50
Balance, September 30, 2021	**2,532,000**	**$ 0.50**

(Expressed in Canadian dollars)

10. EQUITY (CONTINUED)

10.3 Warrants (continued)

As of September 30, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,532,000	$0.50	February 1, 2023
2,532,000		

As of September 30, 2021, the weighted-average remaining life of the outstanding warrants was 1.34 years. The warrants are subject to an acceleration expiry date at any time after the date the Company's common shares are listed on a stock exchange and trading at a price greater than $0.75 per common share for a period of ten consecutive trading days. In this event, the Company within five days can accelerate the expiry date of the warrants by giving written notice to the holder of the warrants and in such case the warrants will expire on the 30th day after the date on which the notice is provided.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company.

	September 30, 2021	September 30, 2020	September 30, 2019
Rent	$ -	$ 60,340	$ 74,480
Management fees, included in Consulting and salaries	188,802	66,211	193,985
Total	**$ 188,802**	**$ 126,551**	**$ 268,465**

As at September 30, 2021, $4,469 (2020 – $15,079; 2019 – $578) was owing to corporations owned by key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, unsecured, and have no specific terms of repayment.

During the year ended September 30, 2021, the Company incurred $88,802 (2020 – $57,828; 2019 – $93,985) in management fees and $nil (2020 – $60,340; 2019 – $74,480) in rent with a corporation owned by the CEO; and $100,000 (2020 – $8,383; 2019 - $nil) in consulting fees paid to a company controlled by a director and COO of the Company.

(Expressed in Canadian dollars)

12. INCOME TAXES

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

		September 30, 2021		September 30, 2020		September 30, 2019
Loss for the period	$	(870,631)	$	(273,043)	$	(311,676)
Tax rate		27%		27%		27%
Expected income tax recovery	$	(235,000)	$	(74,000)	$	(84,000)
Change in unrecognized deductible temporary differences		235,000		74,000		84,000
Income tax expense	$	-	$	-	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2021		2020		2019
Non-capital losses carried forward	$	1,354,000	$	581,000	$	310,000
Deductible temporary differences	**$**	**1,354,000**	**$**	**581,000**	**$**	**310,000**

The Company non-capital losses totaling approximately $1,354,000 (2020 – $581,000; 2019 – $310,000) available to reduce taxable income of future years. The non-capital losses expire as follows, which can be applied to reduce future taxable income, expiring as follows:

Year		Amount	Expiry date		Cumulative total
2021	$	773,000	2041	$	1,354,000
2020	$	271,000	2040	$	581,000
2019	$	310,000	2039	$	310,000

13. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

13. MANAGEMENT OF CAPITAL (CONTINUED)

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There was no change to the Company's approach to capital management during the year ended September 30, 2021.

14. RISK MANAGEMENT

14.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk
Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company's maximum exposure to credit risk is the carrying amount of cash and loan receivable in the statements of financial position. As at September 30, 2021 and 2020, the Company's amounts receivable balance consisted of GST receivable (2019 – GST receivable and an advance to a private company).

c. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2021, the Company's working capital deficiency is $1,505,928. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had cash of $264,062 and total current liabilities of $2,052,003.

d. Market Risk
Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

14. RISK MANAGEMENT (CONTINUED)

14.2 Fair Values

The carrying values of cash, loan receivable, accounts payable and accrued liabilities, loans payable and lease liability approximate their fair values.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Cash is classified as Level 1 on the fair value hierarchy.

15. SUBSEQUENT EVENTS

a. On January 31, 2022, the Company entered into the SEA with Mount Dakota. Pursuant to the terms of the SEA, Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of Mount Dakota post-acquisition. Consequently, this Acquisition constitutes a change of business and a reverse takeover of Mount Dakota by the Company and reverse acquisition accounting will be applied. This acquisition will complete concurrently with Mount Dakota pursuing moving its publicly listed share on the CSE from the TSX-V.

b. Subsequent to the year end, the Company is negotiating the acquisition of HYTN Cannabis Inc., a private company headquartered in Kelowna, B.C., for a nominal acquisition price, consolidating legal ownership of the HYTN Cannabis Standard Processing License under the Company. As of September 30, 2021, the Company had loaned $38,785 (2020 – $nil; 2019 – $nil) to HYTN Cannabis Inc. The loan has no terms of repayment, non-interest bearing and unsecured and will be consolidated from the date of acquisition.

HYTN BEVERAGE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2021

This Management Discussion and Analysis ("MD&A") has been prepared by management in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the audited financial statements and accompanying notes for the year ended September 30, 2021, and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of February 14, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: a downturn in general economic conditions, the uncertainty of government regulation and politic, potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the *Risk Factor*s section of the MD&A.

DESCRIPTION OF BUSINESS

HYTN Beverage Corp. was incorporated under the laws of British Columbia on October 16, 2018. The Company's registered office is The King George Building 6TH Floor, 905 W Pender St, Vancouver, BC V6C 1L6. The Company was incorporated with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products.

On January 31, 2022, the Company entered into a share exchange agreement (the "SEA") with Mount Dakota Energy Corp. ("Mount Dakota"), a public company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to the terms of the SEA, Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis (the "Acquisition"). Consequently, this Acquisition will constitute control of the Company by Mount Dakota, with the Company representing a wholly-owned subsidiary of Mount Dakota post-acquisition. This acquisition will complete concurrently with Mount Dakota pursuing moving its publicly listed share on the Canadian Securities Exchange ("CSE") from the TSX-V. This transaction has not yet completed as of the date of the audit report.

Upon completion of the share exchange transaction and its successful listing on the CSE, the Company will continue to focus its efforts on pursuing opportunities in the craft inspired cannabis products sector.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business.

OVERALL PERFORMANCE

The Company has not generated revenues from operations as it is in the start up phase. The Company will begin recognizing revenue from the sale of cannabis infused beverages once construction of its Kelowna based facility is complete and will continue pursuing craft inspired cannabis beverage, edibles and related activities. Subsequent to September 30, 2021 the Kelowna facility construction was completed and production has commenced.

The net assets of the Company decreased from $745,857 at September 30, 2020 (2019 - $488,850) to net liability of $8,879 at September 30, 2021. The assets consist primarily of cash of $264,062 (2020 - $176,465) (2019 - $271,160), prepaid expenses of $87,097 (2020 - $35,508) (2019 - $79,616), inventory of $122,840 (2020 - $117,312) (2019 - $18,300), equipment and leasehold improvement of $1,438,438 (2020 - $444,640) (2019 - $97,586), and right-of-use asset of $766,925 (2020 - $nil) (2019 - $nil). The Company's primary liabilities consist of accounts payable and accrued liabilities of $195,510 (2020 - $51,168) (2019 - $18,405), loan payable of $1,747,547 (2020 - $nil) (2019 - $nil), and current portion of lease liability of $108,946 (2020 - $nil) (2019 - $nil).

Cash increased in the year ended September 30, 2021 by $87,597 primarily due to financing activities which provided cash of $1,803,933, offset by cash used in investing activities of $1,022,819 and by operating activities of $693,517.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the years ended September 30, 2021 and 2020 and the period ended September 30, 2019:

	Year Ended September 30, 2021	**Year Ended September 30, 2020**	**Period Ended September 30, 2019**
	($)	**($)**	**($)**
Operating Expenses	781,786	232,307	311,691
Net Loss	(870,631)	(273,043)	(311,676)
Basic Loss Per Share	(0.07)	(2.65)	(4.66)

	As at September 30, 2021	**As at September 30, 2020**	**As at September 30, 2019**
	($)	**($)**	**($)**
Cash	264,062	176,465	271,160
Amounts receivable	33,291	23,100	40,593
Prepaid expense	87,097	35,508	79,616
Inventory	122,840	117,312	18,300
Loan receivable	38,785	-	-
Deposits	10,450	-	-
Equipment and leasehold improvements	1,438,438	444,640	97,586
Right-of-use asset	766,925	-	-

	As at September 30, 2021	As at September 30, 2020	As at September 30, 2019
Total Assets	2,761,888	797,025	507,255

RESULTS OF OPERATIONS

For the year ended September 30, 2021

During the year ended September 30, 2021, the Company generated a net and comprehensive loss of $870,631. The net and comprehensive loss for the year consists primarily of the following:

- Professional fees of $107,397 consists primarily of fees incurred for general corporate matters.

- Office and miscellaneous of $156,794 consists primarily of the monthly rent incurred for the production facility.

- Consulting and salaries of $351,251 consists primarily of services used in corporate and operational activities.

- Interest expense of $89,250 consists primarily of the accretion of the right of use asset.

For the year ended September 30, 2020

During the year ended September 30, 2020, the Company generated a net and comprehensive loss of $273,043. The net and comprehensive loss for the year consists primarily of the following:

- Professional fees of $34,501 consists primarily of fees incurred for general corporate matters.

- Rent expense of $60,340 consists primarily of the monthly rent incurred for the production facility.

- Consulting and salaries of $67,590 consists primarily of services used in corporate and operational activities.

- Inventory write down of $40,515 consists primarily of the inventory adjustment for damaged and obsolete inventory at year end.

For the period ended September 30, 2019

During the period ended September 30, 2019, the Company incurred a net and comprehensive loss of $311,676. The net and comprehensive loss for the period consists primarily of the following:

- Professional fees of $14,052 consists primarily of fees incurred for general corporate matters for the newly formed company.

- Rent expense of $74,480 consists primarily of the monthly rent incurred for the production facility.

- Consulting fees of $196,841 consists primarily of services used in corporate and operational activities.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed interim quarters:

	Quarter Ended September 30, 2021 $	Quarter Ended June 30, 2021 $	Quarter Ended March 31, 2021 $	Quarter Ended December 31, 2020 $
Revenue	-	-	-	-
Operating expense	(468,825)	(126,003)	(86,160)	(100,798)
Comprehensive loss	(546,970)	(137,396)	(86,160)	(100,105)
Basic loss per share, basic and diluted	(0.04)	(0.01)	(0.01)	(0.02)

	Quarter Ended September 30, 2020 $	Quarter Ended June 30, 2020 $	Quarter Ended March 31, 2020 $	Quarter Ended December 31, 2019 $
Revenue	-	-	-	-
Operating expense	(57,910)	(30,185)	(91,755)	(52,457)
Comprehensive loss	(98,443)	(30,388)	(91,755)	(52,457)
Basic loss per share, basic and diluted	(0.96)	(0.29)	(0.89)	(0.52)

On a quarter-by-quarter basis, losses fluctuated due to a number of factors including timing of operating activities due to the nature of a start up company.

An analysis of the quarterly result shows that the Company has incurred mostly professional fees, consulting fees, and office and miscellaneous related to the newly formed entity.

LIQUIDITY

The Company had cash of $264,062 at September 30, 2021. The Company had a working capital deficit of $1,505,928 at September 30, 2021.

During the year ended September 30, 2021:

On November 26, 2020, the Company issued 12,894,999 Class A common shares at $0.001 per common share for total proceeds of $12,895;

On February 1, 2021, the Company issued 2,532,000 units at $0.25 per unit for total proceeds of $633,000. Each unit consists of one Class A common share and one warrant exercisable at $0.50 for 24 months.

During the year ended September 30, 2020:

On February 14, 2020, the Company issued 5,000 Class A common shares at $0.01 per common share to settle debt of $50 with a director.

The Company raised $530,000 included in subscriptions received pursuant to a private placement that closed subsequent to the year end on February 1, 2021.

During the period ended September 30, 2019:

On October 16, 2018, the Company issued 51,000 Class A common shares at $0.01 per common share for total proceeds of $510;

On December 19, 2018, the Company issued 6,126 Class A common shares at $16.33 per common share for total proceeds of $100,016 from a director of the Company;

On January 18, 2019, the Company issued 6,125 Class A common shares at $16.33 per common share for total proceeds of $100,000 from a director of the Company.

On July 24, 2019, the Company issued 36,750 Class A common shares at $16.33 per common share for total proceeds of $600,000 from a director of the Company.

Operating Activities

The Company used net cash of $693,517 (2020 - $276,705) (2019 - $311,078) in operating activities during the year ended September 30, 2021.

Investing Activities

The Company used net cash of $1,022,819 (2020 - $347,990) (2019 - $98,288) in investing activities during the year ended September 30, 2021. Investing activities primarily consist of $973,584 spent on leasehold improvements and equipment purchases for the Company's new Kelowna based facility. As of the date of this MD&A, the Company's new Kelowna facility is now operational with the initial production runs and shipments successfully completed.

Financing Activities

The Company received net cash of $1,803,933 (2020 - $530,000) (2019 - $700,526) from financing activities during the year ended September 30, 2021. The Company has received $2,305,000 (September 30, 2021 - $1,730,000) pursuant to the promissory note agreement entered with 1306562 B.C. Ltd. for the purpose of pursuing the SEA with Mount Dakota (Note 9 to the audited financial statements).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the year ended September 30, 2021, the Company incurred $88,802 (2020 - $57,828) (2019 - $93,985) included in management fees to Elliot Mckerr, the CEO of the Company pursuant to CEO services provided and $Nil (2020 - $60,340) (2019 - $74,480) included in rent with a company controlled by Mr. Mckerr.

During the year ended September 30, 2021, the Company incurred $100,000 (2020 - $8,383) (2019 - $nil) included in consulting and salaries to a company controlled by Jason Broome, the COO of the Company pursuant to COO services provided.

As at September 30, 2021, $4,469 (2020 - $15,079) (2019 - $578) was owing to key management personnel for fees and the amount were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there were no proposed transactions other than those summarized below.

SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2021, the Company:

a. On January 31, 2022, the Company entered into the SEA with Mount Dakota. Pursuant to the terms of the SEA, Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 15,532,000 common shares and 2,532,000 warrants to the securityholders of the Company on a pro rata basis, with the Company representing a wholly-owned subsidiary of Mount Dakota post-acquisition. Consequently, this Acquisition constitutes a change of business and a reverse takeover of Mount Dakota by the Company and reverse acquisition accounting will be applied. This acquisition will complete concurrently with Mount Dakota pursuing moving its publicly listed share on the CSE from the TSX-V.

b. Subsequent to the year end, the Company is negotiating the acquisition of HYTN Cannabis Inc., a private company headquartered in Kelowna, B.C., for a nominal acquisition price, consolidating legal ownership of the HYTN Cannabis Standard Processing License under the Company. As of September 30, 2021, the Company had loaned $38,785 (2020 - $nil) to HYTN Cannabis Inc. The loan has no terms of repayment, non-interest bearing and unsecured and will be eliminated on consolidation from the date of acquisition.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments – recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.
The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Amounts receivable	Amortized cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost
Loan payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk
Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company's maximum exposure to credit risk is the carrying amount of cash in the statements of financial position. As at September 30, 2021, the Company's receivable balance consisted of GST receivable and loan receivable (2020 – GST receivable) (2019 – GST receivable and an advance to a private company).

c. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2021, the Company's working capital deficit is $1,505,928 and it has a long-term liability of $718,764. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had cash of $264,062 and total liabilities of $2,770,767.

d. Market Risk
Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

Fair Values

The carrying values of cash, amounts receivable, loan receivable, accounts payable and accrued liabilities, loan payable, and lease liability approximate their fair values.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash is considered to be Level 1 within the fair value hierarchy.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the year ended September 30, 2021 and 2020 and the period ended September 30, 2019, the Company incurred the following expenses:

	2021	2020	2019
Consulting and salaries	$351,251	$67,590	$196,841
Office and miscellaneous	$156,794	$46,797	$14,130
Professional fees	$107,397	$34,501	$14,052
Rent	$ -	$60,340	$74,480
Inventory write down	$ -	$40,515	$ -
Interest expense (income)	$89,250	($48)	$ -

An analysis of material components of the Company's expenses is disclosed in the financial statements for the year ended September 30, 2021 to which this MD&A relates.

DISCLOSURE OF OUTTANDING SHARE DATA

The Company is currently a private company. The Company's authorized share capital consists of an unlimited number common shares without par value. As at February 14, 2022 the Company had 15,532,000 (September 30, 2021 – 15,532,000) common shares issued and outstanding.

Warrants

The Company had 2,532,000 share purchase warrants outstanding and exercisable at February 14, 2022 (September 30, 2021 –2,532,000) as summarized below:

	Number of Warrants	Exercise Price	Expiry Date
February 1, 2021	2,532,000	$ 0.50	February 1, 2023
Balance, February 14, 2022	**2,532,000**		

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has no operating history

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of losses

The Company has incurred losses in the period from inception to September 30, 2021. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company will be an entrant engaging in a new industry

The infused cannabis industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Reliance on key inputs

The Company's business is dependent on a number of key inputs including raw materials and supplies relating to its manufacturing operations including electricity, water, and other utilities. Any significant interruption or negative change in the availability or pricing of the supply chain for these key inputs could materially impact the Company's operations, financial condition, and operating results.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brand was subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company.

Product liability

The Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Shelf life of inventory

The Company holds finished goods and raw materials in inventory with a shelf life. The Company has a typical inventory turnover that varies and as a result, inventory may reach its expiration date and no longer be available for sale. As a result, inventory may have to be written down and could have a material adverse effect on the Company's business, financial condition, and results of operations.

Unfavourable publicity or consumer perception

Management of the Company believes the infused cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the infused cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for its shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant amount of resources.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A on February 14, 2022.

APPENDIX C: NUMBERCO FINANCIAL STATEMENTS

[Please see attached]

1306562 B.C. LTD.

Financial Statements

For the period from incorporation on May 20, 2021 to September 30, 2021

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Directors of 1306562 B.C. Ltd.

Opinion

We have audited the financial statements of 1306562 B.C. Ltd. ("the Company"), which comprise the statement of financial position as at September 30, 2021 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period 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 at September 30, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which describes the material uncertainty 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.

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 International Financial Reporting Standards, 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.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
February 14, 2022

1306562 B.C. LTD.
Statement of Financial Position
As at September 30, 2021
(Expressed in Canadian Dollars)

As at	Notes		September 30, 2021
ASSETS			
Current Assets			
Cash		$	2,594,616
Promissory notes receivable	6		1,752,647
TOTAL ASSETS		$	4,347,263
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	$	267,080
SHAREHOLDERS' EQUITY			
Share capital	5		1,086,406
Subscriptions received	5		3,341,161
Contributed surplus	5		2,776
Deficit			(350,160)
Total equity			4,080,183
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	4,347,263

Nature of operations – Note 1
Going concern – Note 2
Subsequent events – Note 11

These financial statements were authorized for issue by the Board of Directors on February 14, 2022.

Approved by the sole Director:

“PAUL MORE”, Director

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

1306562 B.C. LTD.

Statement of Loss and Comprehensive Loss
For the period from incorporation on May 20, 2021 to September 30, 2021
(Expressed in Canadian Dollars)

	Notes		Period ended September 30, 2021
EXPENSES			
Bank charges		$	1,227
Consulting fees			194,250
Management fees	7		39,375
Rent			15,750
Professional fees			17,205
Share-based payments	5		100,000
TOTAL OPERATING EXPENSES			(367,807)
OTHER ITEM			
Interest income			17,647
			17,647
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$	(350,160)
Loss per share, basic and diluted		$	(0.02)
Weighted average number of common shares outstanding – basic and diluted			19,241,985

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

1306562 B.C. LTD.
Statement of Changes in Shareholders' Equity
For the period from incorporation on May 20, 2021 to September 30, 2021
(Expressed in Canadian Dollars)

	Share Capital					
	Number	**Amount**	**Subscriptions Received**	**Contributed Surplus**	**Deficit**	**Total Equity**
		$	$	$	$	$
Incorporation, May 20, 2021	-	-	-	-	-	-
Incorporation shares	100	1	-	-	-	1
Shares issued pursuant to private placement	21,708,356	997,925	-	-	-	997,925
Shares issued for services rendered	5,000,000	100,000	-	-	-	100,000
Share issuance cost – cash	-	(8,744)	-	-	-	(8,744)
Share issuance cost – warrants	-	(2,776)		2,776		-
Subscription receipts	-	-	3,341,161	-	-	3,341,161
Net loss for the period	-	-	-	-	(350,160)	(350,160)
September 30, 2021	26,708,456	1,086,406	3,341,161	2,776	(350,160)	4,080,183

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

1306562 B.C. LTD.
Statement of Cash Flows
For the period from incorporation on May 20, 2021 to September 30, 2021
(Expressed in Canadian Dollars)

		Period ended September 30, 2021
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net loss for the period	$	(350,160)
Items not involving cash:		
Share-based payments		100,000
Net changes in non-cash working capital items:		
Accrued interest income		(17,647)
Accounts payable and accrued liabilities		267,080
Net cash used in operating activities		(727)
INVESTING ACTIVITY:		
Promissory notes receivable		(1,735,000)
Cash used in investing activity		(1,735,000)
FINANCING ACTIVITIES:		
Proceeds from issuance of common shares, net		989,182
Subscriptions received		3,341,161
Cash provided by financing activities		4,330,343
Net increase in cash		2,594,616
Cash, beginning of period		-
Cash, end of period	$	2,594,616
Cash paid for interest	**$**	-
Cash paid for income taxes	**$**	-
Fair value of brokers' warrants	**$**	2,776

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

1. NATURE OF OPERATIONS

1306562 B.C. LTD. (the 'Company') was incorporated under the laws of British Columbia on May 20, 2021. The Company's registered office is 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company was incorporated in order to facilitate the Amalgamation Agreement (the 'Agreement') with Mount Dakota Energy Corp. ('Mount Dakota'), a publicly listed company on the TSX Venture Exchange ('TSX-V'), and MMO Merger Holdings Inc. ('MMO'), a subsidiary of the publicly listed company on the TSX Venture Exchange ('TSX-V'). Pursuant to the terms of the Agreement, Mount Dakota, through MMO, will acquire all of the outstanding securities of the Company in exchange for securities of Mount Dakota by way of a three-corner amalgamation. Upon completion of the transaction, the amalgamated company will be a wholly-owned subsidiary of Mount Dakota. The shareholders of the Company will receive common shares of Mount Dakota on basis such that they will collectively control the amalgamated company subsequent to the completion of the transaction. Consequently, the transaction is expected to constitute a reverse acquisition of Mount Dakota by the Company for accounting purposes. This transaction has not yet completed as of the date of the audit report. (Note 11)

In connection with completion of the Agreement, Mount Dakota and the amalgamated company will pursue moving its publicly listed shares on the Canadian Securities Exchange ('CSE') from the TSX-V. The amalgamated company and Mount Dakota will focus its business on pursuing opportunities in the beverages and cannabis related industries.

These audited financial statements of the Company for the period ended September 30, 2021 were approved by the Board of Directors on February 14, 2022.

2. GOING CONCERN

The Company has incurred losses since inception and has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. At September 30, 2021 the Company had net assets of $4,080,183 and working capital of $4,080,183. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

3.1 Basis of Measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2 Significant Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Promissory notes receivable

Judgment and estimation is required in assessing the ultimate realization of the promissory notes receivable and determining the expected losses to reduce the carrying amount to its net collectible amount.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign Currency Translation

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the Company was determined to be the Canadian Dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

4.2 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.3 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

4.3 Income Taxes (continued)

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.4 Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.5 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4.6 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.7 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.8 Financial Instruments - Recognition and Measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Promissory notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

4.8 Financial Instruments - Recognition and Measurement (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the profit or loss.

4.9 Comprehensive Loss

Total comprehensive loss comprises all components of profit or loss and other comprehensive loss. Other comprehensive loss includes items such as gains and losses on re-measuring financial instruments designated as FVOCI financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.10 Changes in Significant Accounting Policies

Accounting standard anticipated to be effective

There are no new standards issued, but not yet effective, that are anticipated to have a material impact on the Company's financial statements.

5. EQUITY

5.1 Authorized Share Capital

1. Unlimited number of common shares without par value

5.2 Shares Issued

Shares issued and outstanding as at September 30, 2021 are 26,708,456 common shares.

During the period ended September 30, 2021, the following share transactions occurred:

On May 20, 2021, the Company issued 100 common shares at $0.01 per common share for total proceeds of $1 pursuant to incorporation;

On June 21, 2021, the Company issued 20,000,000 common shares at $0.02 per common share for total proceeds of $400,000 pursuant to a private placement;

On June 21, 2021, the Company issued 5,000,000 common shares in consideration for consulting fees totalling $100,000;

(Expressed in Canadian Dollars)

5.2 Shares Issued (continued)

On September 10, 2021, the Company issued 1,708,356 common shares at $0.35 per common share for total gross proceeds of $597,925 pursuant to completing the first tranche of a private placement. In connection with completing the private placement, the Company paid finder's fees of $8,744 and issued 24,984 brokers' warrants. Each brokers' warrant is exercisable into one common share of the Company at an exercise price of $0.50 per warrant for a period of one year;

As at September 30, 2021, the Company raised $3,341,161 included in subscriptions received, pursuant to a private placement that closed subsequent to the date of these audited financial statements.

5.3 Warrants

Summary of purchase warrants activity during the period:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
		$	
Balance, May 20, 2021	-	-	-
Issued	24,984	0.50	-
Balance, September 30, 2021	**24,984**	**0.50**	**1**

The share purchase warrants have a weighted average remaining life of 1 year.

The share purchase warrants outstanding and exercisable at September 30, 2021 are:

Issuance Date	Number of Warrants	Exercise price	Expiry date
September 10, 2021	24,984	$ 0.50	September 10, 2022
Balance, September 30, 2021	**24,984**		

The fair value of the brokers' warrants of $2,776 was determined using the Black-Scholes pricing model using the following assumptions: average volatility 110%, expected life 1 year, risk free rate 0.38%. Volatility is estimated based on entities with similar operations and of similar size.

6. PROMISSORY NOTES RECEIVABLE

Subsequent to the period end, the Company entered into a promissory note agreement ('Loan') with Mount Dakota to advance up to $200,000 for the purpose of pursuing a transaction with Mount Dakota. The Loan is unsecured and will accrue interest at 10% per annum payable along with the principal on the earlier of the maturity date of November 1, 2022 and the demand date.

(Expressed in Canadian Dollars)

During the period ended September 30, 2021, the Company had advanced $5,000 and recognized interest income of $100.

During June 2021 the Company entered into a promissory note agreement (‘HYTN Loan’) with HYTN Beverage Corp. (the ‘Borrower’) to advance funds for the purpose of pursuing the Agreement with Mount Dakota as concurrently, Mount Dakota has signed a binding Letter of Intent (‘LOI’) with the Borrower whereby Mount Dakota will acquire all of the outstanding securities of the Borrower in exchange for securities of Mount Dakota. The HYTN Loan is unsecured and will accrue interest at 10% per annum payable along with the principal on the earlier of the maturity date of June 24, 2022 and the demand date.

During the period ended September 30, 2021, the Company had advanced $1,730,000 and recognized interest income of $17,547.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Board or Directors and corporate officers.

During the period ended September 30, 2021, the Company accrued $39,375 included in management fees to a company controlled by the President and Director of the Company pursuant to President and Director services provided.

As at September 30, 2021, $39,375 was owing to key management personnel for fees and the amounts were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

8. INCOME TAXES

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

	September 30, 2021
Loss and comprehensive loss for the period	$ (350,160)
Expected income tax (recovery), at 27%	(95,000)
Change in unrecognized deductible temporary differences	95,000
Total income tax expense (recovery)	$ -

The Company’s deductible temporary differences and unused tax losses consist of the following:

	September 30, 2021
Deductible temporary differences:	
Non-capital loss carry forwards expiring in 2041	$ 350,000

The Company did not recognize the deferred tax assets for the period ended September 30, 2021 as future taxable profits are uncertain.

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk
Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. The Company currently holds promissory notes receivable. There is a risk that this amount will not be collectible due to unforeseen material events.

c. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2021, the Company's working capital is $4,080,183 and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had cash of $2,594,616 and total liabilities of $267,080.

10.1 Financial Risk Management (continued)

d. Market Risk

Market risk incorporates changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(i) Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has promissory notes receivable bearing interest at 10%. The fair value is relatively unaffected by changes in short-term interest rates. A nominal change interest rates would have an insignificant impact on the Company's profit or loss.

(ii) Foreign currency risk

Foreign currency risk arises from the fluctuation of foreign exchange rates. The Company's assets, liabilities, and operations are predominantly denominated in Canadian Dollars. The Company did not have any material monetary assets or liabilities in a foreign currency and consequently has an insignificant exposure to foreign currency risk.

(iii) Price risk

Equity price risk is the potential impact on the Company's earning due to movement in individual equity prices or levels on the stock market. The Company is a private company and has no exposure to equity price risk.

10.2 Fair Values

The carrying values of cash, promissory notes receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash is considered to be Level 1 within the fair value hierarchy.

11. SUBSEQUENT EVENTS

i) On February 11, 2022, the Company entered into the Agreement (Note 1) pursuant to which Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for 38,968,920 common shares and 24,984 warrants of Mount Dakota. As the former shareholders of the Company will own a majority interest in Mount Dakota immediately after closing, the substance of the transaction for securities and accounting purpose constitutes a reverse takeover. The shares will be issued on a post-consolidation basis to the Company. Concurrent with the transaction, the amalgamated company and Mount Dakota will pursue moving its listing to the Canadian Securities Exchange ('CSE') under the symbol 'HYTN'. The transaction is expected to complete on or about February 16, 2022, or such other date as may be determined by the parties.

ii) On October 25, 2021, the Company issued 12,260,463 common shares at $0.35 per common share for total net proceeds of $4,291,162 pursuant to completion of the second tranche of a private placement.

iii) During December 2021, the Company entered into and has access to a debt facility for proceeds up to $500,000 due on demand at an interest rate of 10% per annum. To date, no amounts have been borrowed.

1306562 B.C. LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the period from incorporation on May 20, 2021 to September 30, 2021

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and notes thereto for the from incorporation on May 20, 2021 to September 30, 2021 of 1306562 B.C. LTD. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian Dollars unless otherwise indicated.

DATE

This MD&A is prepared as of February 14, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) the uncertainty of government regulation and politics (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated in order to facilitate the Amalgamation Agreement ('Agreement') with Mount Dakota Energy Corp. ('Mount Dakota'), a publicly listed company on the TSX Venture Exchange ('TSX-V'), and MMO Merger Holdings Inc. ('MMO'), a subsidiary of the publicly listed company. Pursuant to the terms of the Agreement, Mount Dakota, through MMO, will acquire all of the outstanding securities of the Company in exchange for securities of Mount Dakota by way of a three-corner amalgamation. Upon completion of the transaction, the amalgamated company will be a wholly-owned subsidiary of Mount Dakota. The shareholders of the Company will receive common shares of Mount Dakota on basis such that they will collectively control the amalgamated company subsequent to the completion of the transaction. Consequently, the transaction is expected to constitute a reverse acquisition of Mount Dakota by the Company for accounting purposes. This transaction has not yet completed as of the date of the MD&A.

In connection with completion of the Agreement, Mount Dakota and the amalgamated company will pursue moving its publicly listed shares on the Canadian Securities Exchange ('CSE') from the TSX-V. The amalgamated company and Mount Dakota will focus its business on pursuing opportunities in the beverages and cannabis related industries.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business.

OVERALL PERFORMANCE

The Company has not generated revenues to date from operations as it is in the start up phase. Once the Company completes the proposed Agreement, it will begin recognizing revenue from the consolidated entity and commence pursuing beverage and cannabis related operating activities. The Company is in the process of completing an equity financing during the period and has raised an aggregate of $4,889,087 as of February 14, 2022.

The net assets of the Company total $4,080,183 at September 30, 2021 consisting of cash of $2,594,616 and promissory notes receivable of $1,752,647 net of accounts payable and accrued liabilities of $267,080.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the period from incorporation on May 20, 2021 to September 30, 2021:

	Period Ended September 30, 2021
	($)
Operating Expenses	(367,807)
Net Income (Loss)	(350,160)
Basic and Diluted Earnings (Loss) Per Share	$(0.02)

	As at September 30, 2021
	($)
Cash	2,594,616
Promissory notes receivable	1,752,647
Total Assets	4,347,263

RESULTS OF OPERATIONS

Period Ended September 30, 2021

During the period ended September 30, 2021, the Company generated net and comprehensive loss of $350,160. The net and comprehensive loss for the period consists primarily of the following:

- Professional fees of $17,205 consists primarily of fees incurred for general corporate matters.

- Share-based payments of $100,000 consists primarily of the fair value of shares issued to consultants for services used in operation and corporate activities.

- Management fees of $39,375 consists primarily of services used in corporate and operational activities specifically related to the proposed amalgamation transaction.

- Consulting fees of $194,250 consists primarily of services used in corporate and operational activities.

- Interest income of $17,647 consists primarily of the interest accrued on the promissory notes receivable.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the period from inception on May 20, 2021 to September 30, 2021:

	Quarter Ended September 30, 2021 $	Period from incorporation on May 20, 2021 to June 30, 2021 $
Revenue	Nil	Nil
Net loss	(155,743)	(194,417)
Loss per share, basic and diluted	(0.006)	(0.007)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a start up Company.

An analysis of the quarterly result from inception shows that the Company has incurred mostly professional fees, management fees, and share-based payments related to the newly formed entity and the amalgamation transaction.

LIQUIDITY

The Company had cash of $2,594,616 at September 30, 2021. The Company had working capital of $4,080,183 at September 30, 2021.

During the period ended September 30, 2021:

a. The Company issued 100 common shares at $0.01 per common share for total proceeds of $1 pursuant to incorporation;

b. The Company issued 20,000,000 common shares at $0.02 per common share for total proceeds of $400,000 pursuant to a private placement;

c. On September 10, 2021, the Company issued 1,708,356 common shares at $0.35 per common share for total gross proceeds of $597,925 pursuant to completing the first tranche of a private placement. In connection with completing the private placement, the Company paid finder's fees $8,744 and issued 24,984 brokers' warrants. Each brokers' warrant is exercisable into one common share of the Company at an exercise price of $0.50 per warrant for a period of one year; and

d. The Company raised $3,341,161 included in subscriptions received, pursuant to a private placement that has not closed as of the date of these audited financial statements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

In addition to the above, the Company holds two promissory notes receivables with an aggregate total of 1,752,647 with two arms length parties for the purpose purposing the Amalgamation Agreement. See Note 6 of the September 30, 2021 audited financial statements.

Operating Activities

The Company used net cash of $727 in operating activities during the period ended September 30, 2021.

Investing Activities

The Company used net cash of $1,735,000 in investing activities during the period ended September 30, 2021.

Subsequent to the year-end, the Company entered into a promissory note agreement (‘Loan’) with Mount Dakota to advance funds for the purpose of pursuing a transaction whereby the Company, Mount Dakota, and MMO, a subsidiary of Mount Dakota, would enter into an Amalgamation Agreement (‘Agreement’). Pursuant to the terms of the Agreement, Mount Dakota, through MMO, will acquire all of the outstanding securities of the Company in exchange for securities of Mount Dakota by way of a three-corner amalgamation. Upon completion of the transaction, the amalgamated company will be a wholly-owned subsidiary of Mount Dakota. The Loan will accrue interest at 10% per annum payable along with the principal on the earlier of the maturity date of November 1, 2022 and the demand date.

During June 2021 the Company entered into a promissory note agreement (‘HYTN Loan’) with HYTN Beverage Corp. (the ‘Borrower’) to advance funds for the purpose of pursuing the Agreement with Mount Dakota as concurrently, Mount Dakota has signed a binding Letter of Intent (‘LOI’) with the Borrower, whereby Mount Dakota will acquire all of the outstanding securities of the Borrower in exchange for securities of Mount Dakota. The HYTN Loan will accrue interest at 10% per annum payable along with the principal on the earlier of the maturity date of June 24, 2022 and the demand date.

Financing Activities

The Company received net cash of $4,330,343 from financing activities during the period ended September 30, 2021

On May 20, 2021, the Company issued 100 common share at $0.01 per common share for total proceeds of $1 pursuant to incorporation;

On June 21, 2021, the Company issued 20,000,000 common shares at $0.02 per common share for total proceeds of $400,000 pursuant to a private placement;

On June 21, 2021, the Company issued 5,000,000 common shares in consideration for consulting fees totaling $100,000;

On September 10, 2021, the Company issued 1,708,356 common shares at $0.35 per common share for total gross proceeds of $597,925 pursuant to completing the first tranche of a private placement. In connection with completing the private placement, the Company paid finder’s fees of $8,744 and issued 24,984 brokers’ warrants. Each brokers’ warrant is exercisable into one common share of the Company at an exercise price of $0.50 per warrant for a period of one year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Board or Directors and corporate officers.

During the period ended September 30, 2021, the Company accrued $39,375 included in management fees to a company controlled by Paul More, the President and Director of the Company pursuant to President and Director services provided.

As at September 30, 2021, $39,375 was owing to key management personnel for fees and the amounts were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there were no proposed transactions.

SUBSEQUENT EVENTS

i) On February 11, 2022, the Company executed the Agreement (Note 1) pursuant to which Mount Dakota will acquire all of the issued and outstanding securities of the Company in exchange for 39,683,206 common shares and 24,984 warrants of Mount Dakota. As the former shareholders of the Company will own a majority interest in Mount Dakota immediately after closing, the substance of the transaction for securities and accounting purpose constitutes a reverse takeover. The shares will be issued on a post-consolidation basis to the Company. Concurrent with the transaction, the amalgamated company and Mount Dakota will pursue moving its listing to the Canadian Securities Exchange ('CSE') under the symbol 'HYTN'. The transaction is expected to complete on or about February 16, 2022, or such other date as may be determined by the parties.

ii) On October 25, 2021, the Company issued 12,260,464 common shares at $0.35 per common share for total net proceeds of $4,291,162 pursuant to completion of the second tranche of a private placement.

iii) During December 2021, the Company entered into and has access to a debt facility for proceeds up to $500,000 due on demand at an interest rate of 10% per annum. To date, no amounts have been borrowed.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Promissory notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the period from incorporation on May 20, 2021 to September 30, 2021, the Company incurred the following expenses:

	2021	2020
Consulting fees	$194,250	-
Management fees	$39,375	-
Professional fees	$17,205	-
Rent	$15,750	-
Share-based payments	$100,000	-

An analysis of material components of the Company's general and administrative expenses is disclosed in the financial statements for the period ended September 30, 2021 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company is currently a private company. The Company's authorized share capital consists of an unlimited number common shares without par value. As at February 14, 2022 the Company had 38,968,920 (September 30, 2021 – 26,708,456) common shares issued and outstanding.

Warrants

The Company had 24,984 share purchase warrants outstanding and exercisable at February 14, 2022 (September 30, 2021 – 24,984) as summarized below:

	Number of Warrants	Exercise price	Expiry date
September 10, 2021	24,984	$ 0.50	September 10, 2022
Balance, February 14, 2022	**24,984**		

The share purchase warrants have a weighted average remaining life of 1 year.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has no operating history

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of losses

The Company has incurred losses in the period from inception to September 30, 2021. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company will be an entrant engaging in a new industry

The beverage and cannabis related industry is fairly new. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company’s results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market’s confidence in the Company’s financial statements and materially adversely affect the trading price of the Company’s shares.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company’s ability to continue operating and the market price for Reporting Issuer’s shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.

BOARD APPROVAL

The sole director of the Company has approved this MD&A.

APPENDIX D: PRO FORMA FINANCIAL STATEMENTS

[Please see attached]

HYTN INNOVATIONS INC.
Pro Forma Consolidated Financial Statements

(Unaudited - Expressed in Canadian dollars)

HYTN INNOVATIONS INC.
Pro Forma Consolidated Statement of Financial Position
As at October 31, 2021
(Unaudited - Expressed in Canadian dollars)

As at	HYTN Innovations Inc. (unaudited) October 31, 2021	HYTN Beverage Corp. (audited) September 30, 2021	1306562 B.C. Ltd. (audited) September 30, 2021	Pro Forma Adjustments	Notes	Pro Forma Consolidated Balance (unaudited) October 31, 2021
ASSETS						
CURRENT ASSETS						
Cash	$ 340	$ 264,062	$ 2,594,616	$ 950,001	5(i)	$ 3,809,019
Amounts receivable	9,240	33,291	-	-		42,531
Prepaid expenses	-	87,097	-	-		87,097
Inventory	-	122,840	-	-		122,840
Promissory note receivable	-	38,785	1,752,647	(1,752,647)	4(iv)	38,785
	9,580	**546,075**	**4,347,263**	**(802,646)**		**4,100,272**
NON-CURRENT ASSETS						
Deposits	76,743	10,450	-	-		87,193
Equipment and leasehold improvements	-	1,438,438	-	-		1,438,438
Right of use asset	-	766,925	-	-		766,925
TOTAL ASSETS	**$ 86,323**	**$ 2,761,888**	**$ 4,347,263**	**$ (802,646)**		**$ 6,392,828**
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	$ 146,618	$ 195,510	$ 267,081	$ 100,000	4(iii)	$ 709,208
Due to related parties	9,450	-	-	-		9,450
Loans payable	1,841,974	-	-	(1,841,974)	5(iv)	-
Decommissioning provision	149,334	-	-	-		149,334
Current portion of lease liability	-	108,946	-	-		108,946
Promissory note payable	-	1,747,547	-	(1,747,547)	4(iv)	-
	2,147,376	**2,052,003**	**267,080**	**(3,489,521)**		**956,938**
NON-CURRENT LIABILITIES						
Lease liability	-	718,764	-	-		718,764
TOTAL LIABILITIES	**2,147,376**	**2,770,767**	**267,080**	**(3,489,521)**		**1,675,702**
SHAREHOLDERS' EQUITY						
Share capital	6,626,804	1,446,471	1,086,405	4,291,162	5(i)	
				1,782,474	5(iv)	
				666,534	4(i)	
				(6,626,804)	5(vi)	
				9,742,230	4(ii)	
				(5,377,567)	5(vi)	13,637,709
Subscriptions received	-	-	3,341,161	(3,341,161)	5(i)	
Contributed surplus	387,101	-	2,776	(387,101)	5(vi)	
				89,001	5(v)	
				166,250	5(v)	258,027
Retained earnings (deficit)	(9,074,958)	(1,455,350)	(350,160)	(100,000)	4(iii)	
				59,500	5(iv)	
				(2,727,587)	4(i)	
				9,074,958	5(vi)	
				(4,714,822)	4(ii)	
				350,160	5(vi)	
				(5,100)	4(iv)	
				(89,001)	5(v)	
				(166,250)	5(v)	(9,198,610)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	**(2,061,053)**	**(8,879)**	**4,080,183**	**2,686,875**		**4,697,136**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 86,323**	**$ 2,761,888**	**$ 4,347,263**	**$ (802,646)**		**$ 6,392,828**

HYTN INNOVATIONS INC.
Pro Forma Consolidated Statement of Loss and Comprehensive Loss
For the year ended September 30, 2021
(Unaudited - Expressed in Canadian dollars)

	HYTN Innovations Inc. (unaudited)	HYTN Beverage Corp. (audited)	1306562 B.C. Ltd. (audited)	Pro Forma Adjustments	Notes	Pro Forma Consolidated Balance (unaudited) September 30, 2021
EXPENSES						
Advertising and marketing	$ -	$ 54,626	$ -	$ -		$ 54,626
Accretion and decommissioning provision	280	-	-	-		280
Consulting and payroll	30,600	351,251	233,625	-		615,476
Depreciation	-	67,318	-	-		67,318
Interest and bank charges	4,969	-	1,227	-		6,196
Office and miscellaneous	1,909	156,794	-	5,100	4(iv)	163,803
Professional fees	102,285	107,397	17,205	100,000	4(iii)	306,887
Rent	18,000	-	15,750	-		33,750
Share-based payments	-	-	100,000	255,251	5(v)	355,251
Transfer agent and filing fees	19,397	-	-	-		19,397
Travel	-	44,400	-	-		44,400
Total operating expenses	**(177,440)**	**(781,786)**	**(367,807)**	**(360,351)**		**(1,687,384)**
Other items						
Interest income	383	-	17,647	-		18,030
Interest expense	-	(89,250)	-	-		(89,250)
Foreign exchange loss	-	405	-	-		405
Gain on debt settlement	(172,900)	-	-	59,500	5(iv)	(113,400)
Listing expense	-	-	-	(4,714,822)	4(ii)	
				(2,727,587)	4(i)	(7,442,409)
Total other items	(172,517)	(88,845)	17,647	(7,382,909)		(7,626,624)
Net loss and comprehensive loss	**$ (349,957)**	**$ (870,631)**	**$ (350,160)**	**$ (7,743,260)**		**$ (9,314,008)**
Pro forma loss per share – basic and diluted						**$ (0.15)**
Pro forma number of shares outstanding – basic and diluted						**62,974,124**

1 BASIS OF PRESENTATION

These unaudited pro forma consolidated financial statements of HYTN Innovations Inc. (formerly Mount Dakota Energy Corp.) (the 'Resulting Issuer' or 'HYTN Innovations") have been prepared by management after giving effect to the Securities Exchange Agreement (the 'SEA') among the Resulting Issuer and HYTN Beverage Corp. ('HYTN') and the Amalgamation Agreement (the 'Agreement') with the Resulting Issuer, the Resulting Issuer's subsidiary MMO Merger Holdings Inc. ('MMO') and 1306562 B.C. Ltd. ('Numberco').

HYTN Innovations was incorporated under the laws of British Columbia and is a public company listed on the TSX Venture Exchange ('TSX-V'). Concurrently with the SEA and the Agreement, HYTN Innovations will pursue moving its publicly listed shares on the Canadian Securities Exchange ('CSE') from the TSX-V. HYTN Innovations' head and registered office is located at 363 West 6th Ave, Vancouver, British Columbia V5Y 1L1.

HYTN was incorporated under the laws of British Columbia with the intention of establishing itself in the craft inspired cannabis sector through the research, production, marketing, distribution, and sale of premium quality beverage, edible, and related cannabis products. On January 31, 2021, HYTN entered into the SEA with HYTN Innovations.

Pursuant to the terms of the SEA, HYTN Innovations will acquire 100% of the issued and outstanding securities of HYTN in exchange for 15,532,000 common shares and 2,532,000 warrants of HYTN Innovations on a pro rata basis (the 'Acquisition').

Numberco was incorporated under the laws of British Columbia with intention of facilitating an amalgamation transaction. On February 11, 2022, Numberco entered into the Agreement with HYTN Innovations and its subsidiary MMO.

Pursuant to the terms of the Agreement, HYTN Innovations through MMO, will acquire 100% of the issued and outstanding securities of Numberco in exchange for securities of HYTN Innovations on a pro rata basis by way of a three-corner amalgamation (the 'Amalgamation').

Concurrently with the completion of the SEA and Amalgamation, the Company will obtain its final receipt for a listing statement (the 'Listing') from Canadian securities regulators.

As a result of the SEA, HYTN is considered the accounting acquirer and reverse acquisition accounting has been applied. As HYTN Innovations and Numberco do not meet the definition of a business under *IFRS 3 – Business Combinations*, the acquisition was accounted for as the purchase of HYTN Innovations and Numberco's net assets by HYTN. The net purchase price was determined as an equity settled share-based payment, under *IFRS 2 - Share-based Payments*, at the fair value of the equity instruments based on the fair value of the common shares issued in the most current HYTN financing.

The unaudited pro forma consolidated statement of financial position is the result of combining: i) the unaudited statement of financial position of HYTN Innovations as at October 31, 2021; ii) the audited statement of financial position of HYTN as at September 30, 2021; and iii) the audited statement of financial position of Numberco as at September 30, 2021.

The unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended September 30, 2021 is the result of combining:

- i) HYTN Innovations unaudited condensed statement of loss and comprehensive loss for the twelve months ended September 30, 2021;
- ii) HYTN's audited statement of loss and comprehensive loss for the year ended September 30, 2021; and
- iii) Numberco's audited statement of loss and comprehensive loss for the period from incorporation on May 20, 2021 to September 30, 2021.

It is the opinion of HYTN Innovations' management that the pro forma consolidated statement of financial position as at October 31, 2021, and the pro forma consolidated statement of loss and comprehensive loss for the year ended September 30, 2021 include all adjustments necessary for the fair presentation, in all material respects, the transactions and assumptions described in Notes 4 and 5 and the results of the combined operations in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

1 BASIS OF PRESENTATION (CONTINUED)

These pro forma consolidated financial statements for the year intend to reflect the financial position had the proposed transaction occurred as at October 31, 2021 and the financial performance of the merged company had the proposed transactions occurred at the beginning of the year ended September 30, 2021. However, these pro forma financial statements are not necessarily indicative of the financial position as at October 31, 2021 or financial performance which would have resulted if the transactions had actually occurred at the beginning of the year ended September 30, 2021.

The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements and the notes thereto of HYTN Innovations, HYTN, and Numberco. Unless otherwise noted, the pro forma consolidated financial statements and accompanying notes are presented in Canadian dollars.

2 SIGNIFICANT ACCOUNTING POLICIES

These pro forma consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in HYTN Innovations' audited financial statements as at and for the year ended January 31, 2021, HYTN's audited financial statements as at and for the year ended September 30, 2021, and Numberco's audited financial statements as at and for the period from incorporation on May 20, 2021 to September 30, 2021.

3 TRANSACTION AGREEMENTS

The SEA will result in HYTN Innovations acquiring 100% of the issued and outstanding shares of HYTN through issuing 15,532,000 common shares and 2,532,000 warrants to HYTN shareholders (Note 4(ii)), of which 13,000,000 common shares will be subject to escrow terms with 10% of the escrow securities expected to be released upon the date which is six months from the successful Listing on the CSE and an additional 15% will be released every 6 months thereafter until all escrow securities have been released. The remaining 2,532,000 common shares will be subject to escrow terms with 25% of the escrow securities expected to be released upon the date of the successful Listing on the CSE and an additional 25% released every 6 months thereafter until all escrow securities have been released.

The Agreement will result in HYTN Innovations acquiring 100% of the issued and outstanding shares of Numberco through issuing 38,968,920 common shares to Numberco shareholders (Note 4(ii), of which 14,333,334 common shares will be subject to escrow terms with 25% of the Escrow Securities expected to be released upon the date of successful Listing on the CSE and an additional 15% will be released every 6 months thereafter until all Escrow Securities have been released. 2,500,000 common shares will be subject to escrow terms with 100% of the Escrow Securities expected to be released upon the date which is four months from the successful Listing on the CSE. 2,500,000 common shares will be subject to escrow terms with 100% of the Escrow Securities expected to be released upon the date which is twelve months from the successful Listing on the CSE. 5,666,766 common shares will be subject to escrow terms with 10% of the Escrow Securities are expected to be released upon the date of successful Listing on the CSE and an additional 15% will be released every 6 months thereafter until all Escrow Securities have been released. The remaining 13,968,820 common shares will be not be subject to escrow terms with 100% of the securities expected to be released upon the date of successful Listing on the CSE.

(Unaudited - Expressed in Canadian dollars)

4 PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

These unaudited pro forma consolidated financial statements have been prepared assuming the following transactions and assumptions:

i) All HYTN shareholders will exchange their shares for 15,532,000 new common shares and 2,532,000 warrants of HYTN Innovations. This share consideration is being issued on successful listing with the shares held under escrow as described in Note 3. Consequently, HYTN will control HYTN Innovations and the results of the Resulting Issuer will be consolidated.

In accordance with IFRS, consideration transferred for a reverse acquisition is based on the fair value of the number of shares that HYTN would have had to issue to the shareholders of HYTN Innovations to give the shareholders of HYTN Innovations the same percentage equity interest in the combined entity that results from the reverse acquisition. The Company notes that following issuance of the 15,532,000 acquisition shares, but before any shares issued pursuant to the Agreement, HYTN would own 85.35% of HYTN Innovations. HYTN shareholders would have to issue HYTN Innovations, 2,666,136 common shares of its own stock to give HYTN Innovations shareholders the same percentage equity interest. Multiplying these common shares by the value of the most recently completed HYTN financing of $0.25 per common share results in a fair value of $666,534 being the fair value of common shares retained by HYTN Innovations shareholders.

The purchase price of HYTN Innovations has been allocated as follows:

Cash	$	340
GST receivable		9,240
Deposits		76,743
Accounts payable and accrued liabilities		(146,618)
Related party payable		(9,450)
Loans payable		(1,841,974)
Decommissioning provision		(149,334)
Fair value of net liabilities of HYTN Innovations assumed by HYTN		**(2,061,053)**
Purchase price		
Fair value of shares retained by HYTN Innovations shareholders		666,534
Listing expense	$	**2,727,587**

The purchase price equation has excluded the loans payable to be settled with issuance of shares (Note 5(iv)).

ii) All Numberco shareholders will exchange their shares for 38,968,920 new common shares and 24,985 warrants of HYTN Innovations. This share consideration is being issued on successful listing with the shares held under escrow as described in Note 3. Consequently, HYTN Innovations will control Numberco and the results of the Resulting Issuer will be consolidated.

(Unaudited - Expressed in Canadian dollars)

4 PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (CONTINUED)

The purchase price of Numberco has been allocated as follows:

Cash	$	3,544,617
Promissory note receivable		1,752,647
Accounts payable and accrued liabilities		(267,080)
Fair value of net assets of Numberco acquired by HYTN		**5,030,184**
Purchase price		
Fair value of shares retained by Numberco shareholders		9,742,230
Fair value of warrants retained by Numberco shareholders		2,776
		9,745,006
Listing expense	$	**4,714,822**

iii) As part of the SEA and Agreement, $100,000 in legal fees are expected to be incurred.

iv) The promissory notes payable and receivable between HYTN and Numberco will be forgiven and the balances and interest charged are eliminated upon completion of the SEA and Agreement. Office expense of $5,100 was recorded to balance the promissory notes payable and receivable amounts.

5 PRO FORMA SHARE CAPITAL

Share capital in the unaudited consolidated pro forma financial statements is comprised of the following.

As at October 31, 2021, HYTN Innovations had 2,666,136 common shares outstanding.

i) During October 2021, Numberco issued 12,260,464 common shares at $0.35 per common share for total proceeds of $4,291,162 of which $3,341,161 was included in subscriptions with the remaining $950,001 subsequently collected.

ii) On January 31, 2021, all HYTN shareholders entered into an agreement to exchange their shares for 15,532,000 common shares and 2,532,000 warrants of HYTN Innovations. This share consideration is being issued on successful Listing.

iii) On February 11, 2021, all Numberco shareholders entered into an agreement to exchange their shares for 38,968,920 common shares and 24,985 warrants of HYTN Innovations. This share consideration is being issued on successful Listing.

iv) The resulting issuer will issue 5,092,782 common shares to settle the loans payable in full upon completion of the SEA and Agreement resulting in a gain on debt settlement of $59,500 by multiplying the common shares by the most recent financing price of $0.35.

v) The Resulting Issuer issued the following securities:
   i) 1,725,000 stock options vesting quarterly over one to three years with the first tranche vesting on the grant date. The stock options were measured at a fair value of $89,001 using the Black-Scholes pricing model using the following assumptions: average volatility 110%, expected life of 3 years; and a risk free rate of 1.20%;
   ii) 1,900,000 RSUs vesting quarterly over one year with the first tranche at the grant date. The RSUs were measured at a fair value of $166,250 using the current financing price of $0.35; and
   iii) 10,000,000 performance warrants. No fair value has been recognized as a result of a probability of nil associated with progress towards the related performance based milestones.

vi) Share capital, reserves, and the deficit balance of HYTN Innovations and Numberco were eliminated upon consolidation.

(Unaudited - Expressed in Canadian dollars)

5 PRO FORMA SHARE CAPITAL (CONTINUED)

The Resulting Issuer may grant an unlimited number of common shares without par value.

	Shares issued and outstanding		Share capital
HYTN Innovations			
Opening balance, October 31, 2021, HYTN Innovations	2,666,136	$	6,626,804
HYTN			
Opening balance, September 30, 2021, HYTN	15,532,000		1,446,471
Numberco			
Opening balance, September 30, 2021, Numberco	26,708,456		1,086,405
Shares issued pursuant to financing	12,260,464		4,291,162
Elimination of common shares and historical share capital	(54,500,920)		(12,004,371)
Shares issued pursuant to debt settlement	5,092,782		1,782,474
Shares issued pursuant to the SEA (Note 4(i))	15,532,000		666,534
Shares issued pursuant to the Agreement (Note 4(ii))	38,968,920		9,742,230
	62,259,838	**$**	**13,637,709**

6 PRO FORMA STATUTORY INCOME TAX RATE

The pro forma effective statutory income tax rate of the combined companies will be 27%.