FIRMA HOLDINGS CORP. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR
MARCH 31, 2022
AND THE
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

TABLE OF CONTENTS

FIRMA HOLDINGS CORP. AND SUBSIDIARIES
(formerly known as Tara Minerals Corp.)
(An Exploration Stage Company)
UNAUDITED CONSOLIDATED BALANCE SHEETS

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 91,522	$ 97,864
Trade receivables	58,000	58,000
Prepaid assets	139,266	252,750
Inventory	10,000	10,000
Deposit	900,000	-
Notes receivable, current	50,053	49,464
Notes receivable, related parties	116,048	123,939
Total current assets	1,364,889	592,017
Goodwill	195,627	195,627
Other	73	73
Total assets	$ 1,560,588	$ 787,717
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,065,084	$ 1,908,499
Notes payables, current portion	5,739,434	5,739,434
Convertible notes payable, net	267,000	265,163
Total current liabilities	7,071,518	7,913,096
Convertible notes payable, non-curent portion, net	274,961	317,165
Total liabilities	7,346,479	8,230,261
Stockholders' equity:		
Preferred stock undesignated: $0.01 par value, authorized 25,000,000 shares; -0- issued and outstanding	-	-
Preferred stock Class A: $0.01 par value, authorized 75,000,000 shares; 75,000,000 issued and outstanding	750,000	750,000
Common stock: $0.001 par value; authorized 500,000,000 shares; issued and outstanding 314,076,668 and 288,727,952 shares	314,077	288,728
Additional paid-in capital	50,431,070	49,885,459
Common stock payable	2,303,250	1,052,949
Accumulated deficit	(59,584,287)	(59,419,681)
Total Firma Holdings stockholders' equity	(5,785,890)	(7,442,544)
Total liabilities and stockholders' equity	$ 1,560,588	$ 787,717

See accompanying notes to these consolidated financial statements.

FIRMA HOLDINGS CORP. AND SUBSIDIARIES
(formerly known as Tara Minerals Corp.)
(An Exploration Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Mining revenues	$ -	$ -
Cost of revenue	-	-
Gross margin	-	-
Operating, general and administrative expenses	199,406	(116,001)
Net operating loss (income)	199,406	(116,001)
Non-operating (loss) income:		
Interest income	1,698	1,215
Interest expense	(160,783)	(227,197)
Gain on debt extinguishment	202,457	994,193
Unrealized (loss) gain on cash equivalents	(8,571)	6,813
Change in derivative liability	-	(7,849)
Total non-operating income	34,800	767,175
(Loss) gain before income taxes	(164,606)	651,174
Income tax provision	-	-
Loss before discontinued operations	(164,606)	651,174
Loss from discontinued operations, including loss on disposal	-	(38,365)
Net loss	$ (164,606)	$ 612,809
Net loss per share before discontinued operations, basic and dilutive	$ (0.00)	$ (0.00)
Discontinued operations, basic and dilutive	$ (0.00)	$ (0.00)
Net loss per share, basic and dilutive	$ (0.00)	$ (0.00)
Weighted average number of shares, basic and dilutive	303,730,003	237,420,813

See accompanying notes to these consolidated financial statements.

FIRMA HOLDINGS CORP. AND SUBSIDIARIES
(Formerly known as Tara Minerals Corp.)
(An Exploration Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional Paid-In	Common Stock Payable	Accumulated	
	Shares	Amount	Shares	Amount	Capital	(Receivable)	Deficit	Total
Balance at December 31, 2020	-	$ -	162,145,696	$ 162,146	$ 44,582,392	$ 828,750	$(58,053,243)	$ (12,479,957)
Cash for stock	-	-	40,723,714	40,724	835,168	(281,570)	-	594,322
Stock for services	-	-	5,500,000	5,500	519,500	510,961	-	1,035,961
Renegotiated stock subscription to convertible debt	-	-	-	-	-	(515,000)	-	(515,000)
Beneficial conversion feature on convertible notes payable/debt discount on notes payable	-	-	-	-	1,553,243	-	-	1,553,243
Conversion of convertible debt	-	-	87,858,542	87,859	3,184,907	509,808	-	3,782,574
Stock in purchase of Monochrome forfeited	-	-	(7,500,000)	(7,500)	(39,750)	-	-	(47,250)
Issuance of preferred stock at par value	75,000,000	750,000	-	-	(750,000)	-	-	-
Net loss	-	-	-	-	-	-	(1,366,437)	(1,366,437)
Balance at December 31, 2021	75,000,000	$ 750,000	288,727,952	$ 288,728	$ 49,885,460	$ 1,052,949	$(59,419,681)	$ (7,442,544)
Cash for stock	-	-	-	-	-	50,000	-	50,000
Stock for services	-	-	16,237,514	16,238	354,722	300,301	-	671,260
Conversion of convertible debt	-	-	9,111,202	9,111	190,889	-	-	200,000
Stock encumbered for business purchase	-	-	-	-	-	900,000	-	900,000
Net loss	-	-	-	-	-	-	(164,606)	(164,606)
Balance at March 31, 2022	75,000,000	$ 750,000	314,076,668	$ 314,077	50,431,070	2,303,250	(59,584,287)	(5,785,890)

See accompanying notes to these consolidated financial statements.

FIRMA HOLDINGS CORP. AND SUBSIDIARIES
(formerly known as Tara Minerals Corp.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net loss attributable to Firma Holdings' shareholders	$ (164,606)	$ 612,809
Adjustments to reconcile net loss to net cash:		
Common stock issued for services and other expenses	859,029	60,000
Accretion of beneficial conversion feature or debt discount	159,633	164,074
Gain on debt extinguishment	(202,457)	(994,193)
Loss on discontinued operations	-	38,365
Change in derivative liability	-	7,849
Changes in current operating assets and liabilities:		
Prepaid expenses	128,172	-
Other receivables	-	(7,063)
Inventory	-	(10,000)
Accounts payable and accrued expenses	(843,415)	(305,024)
Net cash used in operating activities	(63,644)	(433,184)
Cash flows from investing activities:		
Payment for notes receivable	(589)	(44,616)
Payment for notes receivable, related party	-	(50,905)
Proceeds for notes receivable, related party	7,891	-
Investment in assets held for sale	-	(25,000)
Net cash provided by (used in) investing activities	7,302	(120,521)
Cash flows from financing activities:		
Cash from the sale of common stock	50,000	702,538
Payments towards notes payable	-	(8,438)
Net cash provided by financing activities	50,000	694,100
Net (decrease) increase in cash	(6,342)	140,395
Beginning of period cash balance	97,864	1,292
End of period cash balance	$ 91,522	$ 141,687
Supplemental Information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash Investing and Financing Transactions:		
Stock issued for services treated as prepaid due to contract term	$ 14,688	$ 18,750
Stock encumbered for business purchase - Jamore	$ 900,000	$ -
Common stock issued for prior year common stock payable	$ -	$ 274,463
Beneficial conversion value for convertible debt	$ -	$ 1,541,545
Notes and convertible debt renegotiated to new convertible debt agreements	$ -	$ 3,456,433
Convertible debt converted to common stock	$ 200,000	$ 263,612

See accompanying notes to these consolidated financial statements.

FIRMA HOLDINGS CORP. AND SUBSIDIARIES
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(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation and Organization and Significant Accounting Policies

Basis of Presentation and Organization

Firma Holdings Corp. ("Firma Holdings" or the "Company"), formerly known as Tara Minerals Corp., consists of two business segments: mining and consumer product sales. We were incorporated in Nevada on May 12, 2006 and redomiciled to the state of Colorado November 12, 2020.

In July 2020, the Company acquired all of the outstanding shares of Monochrome Corp. for 32,500,000 shares of the Company's common stock. Monochrome sells personal protection equipment (commonly referred to as "PPE"), household and consumer products with its existing joint venture partners as well as participate as a procurement agent for both commercial and government entities. Monochrome understands that the existing consumer products market is driven by health concerns due to the COVID 19 pandemic and aided by expanding product awareness. By combining the two under a single business model, Monochrome can expect to meet market demand by introducing a number of new products along with PPE and sanitizers. Moreover, Monochrome expects to attract partners for other products in the consumer and industrial channels that will expand as Monochrome's product development increases. In December of 2021 with Monochrome's management seeing the COVID Pandemic winding down it set its sight on an acquisition focused on distribution of Consumer Goods and Services and began negotiations with Jamore Foods shareholders and debtholders.

In February 2021, the Company divested itself of its agricultural business segment known as the "SmartPac" technology. This was purchased in May 2014, with technology that can be used for the preservation and protection of fresh fruit, vegetables and flowers during extended periods of shipping and storage. The technology is comprised of patents, trademarks and other intellectual property pertaining to systems and methods for packaging bulk quantities of fresh produce and flowers incorporating modified atmosphere packaging. All assets and related liabilities associated with this business segment are reported as Assets Held for Disposal, net.

In March 2021, the Company organized Firma Advanced Carbon Materials as a wholly owned subsidiary with the intention to use this company for investment in exploration and mining opportunities in the United States.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All amounts are in U.S. dollars unless otherwise indicated. All significant inter-company balances and transactions have been eliminated in consolidation.

The reporting currency of the Company is U.S. dollars.

The Company's significant accounting policies are:

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management routinely makes judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. As of March 31, 2022, the Company had $88,115 in cash equivalents; $96,686 as of December 31, 2021.

Fair Value Accounting

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

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 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).

Concentrations

The Company maintains cash balances at highly rated financial institutions in the United States. Each institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 for deposit accounts. The Company had no bank accounts in excess of $250,000, at March 31, 2022 or December 31, 2021, respectively. The Company has not experienced any losses in these accounts.

Inventory

Inventory is stated at the lower of cost (computed on a first-in, first-out basis) or net realizable value.

Financial and Derivative Instruments

The Company periodically enters into financial instruments. Upon entry, each instrument is reviewed for debt or equity treatment. In the event that the debt or equity treatment is not readily apparent, FASB ASC 480-10-S99 is consulted for temporary treatment. Once an event takes place that removes the temporary element the Company appropriately reclassifies the instrument to debt or equity.

The Company periodically assesses its financial and equity instruments to determine if they require derivative accounting. Instruments which may potentially require derivative accounting are conversion features of debt, equity, and common stock equivalents in excess of available authorized common shares, and contracts with variable share settlements. In the event of derivative treatment, we mark the instrument to market.

We have determined that common stock equivalents that maybe in excess of available authorized common shares are not derivative instruments due to the fact that an increase in authorized shares is within our control because our Chief Executive Officer, Sebastien DuFort, controls over 50% of our voting power. Mr. DuFort has the power to elect directors of his choosing, including, if he so chose, to elect himself as the sole director through his greater than 50% effective ownership of the outstanding common shares, through a combination of both common shares and preferred shares with voting rights commensurate with common shareholders. Article 3, Item 10 of the Company's bylaws states that: "Any director may be removed for cause by the majority vote of the stockholders or by a majority vote of the Board of Directors." Therefore, Mr. DuFort has the authority and ability, as controlling shareholder, to take action to remove the board, and either replace them with board members who would act or install himself as the sole board member and act unilaterally.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." Topic 606 established that the Company recognize revenue using the following five-step model:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

The Company identifies performance obligations in contracts with customers when such contracts arise. At present we have no contracts with customers.

Exploration Expenses and Technical Data

Exploration costs not directly associated with proven reserves on our mining concessions are charged to operations as incurred.

Technical data, including engineering reports, maps, assessment reports, exploration samples certificates, surveys, environmental studies and other miscellaneous information, may be purchased for our mining concessions. When purchased for concessions without proven reserves the cost is considered research and development pertaining to a developing mine and is expensed when incurred.

Income Taxes

Income taxes are provided for using the asset and liability method of accounting in accordance with the Income Taxes Topic of the FASB ASC. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized by management. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The computation of limitations relating to the amount of such tax assets, and the determination of appropriate valuation allowances relating to the realization of such assets, are inherently complex and require the exercise of judgment. As additional information becomes available, management continually assesses the carrying value of our net deferred tax assets.

Segment reporting

As of the date of these financial statements management's focus is on satisfying historical note holders and investigating other business opportunities which are in their infancy. Due to this management has determined that none of segments at present require additional segment reporting.

Stock Based Compensation

Stock based compensation is accounted for using the Equity-Based Payments to Non-Employee's Topic of the FASB ASC, which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. We determine the value of stock issued at the date of grant. We also determine, at the date of grant, the value of stock at fair market value or the value of services rendered (based on contract or otherwise), whichever is more readily determinable.

Shares issued to employees are expensed upon issuance.

Stock based compensation for employees is accounted for using the Stock Based Compensation Topic of the FASB ASC. We use the fair value method for equity instruments granted to employees and will use the Black-Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

Net Loss per Common Share

Earnings per share is calculated in accordance with the Earnings per Share Topic of the FASB ASC. The weighted-average number of common shares outstanding during each period is used to compute basic earnings (loss) per share. Diluted earnings per share is computed using the weighted average number of shares plus dilutive potential common shares outstanding. Potentially dilutive common shares consist of employee stock options, warrants, and other convertible securities, and are excluded from the diluted earnings per share computation in periods where the Company has incurred a net loss. During the periods ended March 31, 2022 and December 31, 2021, respectively, the Company incurred net losses, resulting in no dilutive common shares.

Recently adopted and recently issued accounting guidance

In February 2016, the FASB issued ASU 2016-02 – "Leases (Topic 842)." Under ASU 2016-02, entities will be required to recognize lease asset and lease liabilities by lessees for those leases classified as operating leases. Among other changes in accounting for leases, a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. The amendments in ASU 2016-02 will become effective for fiscal years beginning after December 15, 2018, including interim periods with those fiscal years, for public business entities. Due to Covid 19 this was further extended with an effective date for fiscal years beginning after December 15, 2021. We are currently evaluating the effect of the adoption of ASU 2016-02 will have on our consolidated results of operations, financial position or cash flows and anticipate adopting this standard in the first quarter of 2022 or with our first lease entered into starting January 1, 2022..

In January 2017, the FASB issued ASU No. 2017-01, clarifying the Definition of a Business, which narrows the definition of a business. This ASU provides a screen to determine whether a group of assets constitutes a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated as acquisitions. If the screen is not met, this ASU (1) requires that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create an output and (2) removes the evaluation of whether a market participant could replace missing elements. Although outputs are not required for a set to be a business, outputs generally are a key element of a business; therefore, the FASB has developed more stringent criteria for sets without outputs. The ASU is effective for annual periods beginning after December 15, 2018. Management determined that the adoption of this guidance will not have a material impact on the financial statements.

In March 2017 the FASB issued ASU 2017-04 Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment. This amendment simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. This update is effective for fiscal years beginning after December 15, 2021. The adoption of ASU No. 2017-04 is not expected to have a material impact on the Company's financial statements.

In May 2017, the FASB issued ASU 2017-09 which clarifies the guidance on the modification accounting criteria for share-based payment awards. The new guidance requires registrants to apply modification accounting unless three specific criteria are met. The three criteria are 1) the fair value of the award is the same before and after the modification, 2) the vesting conditions are the same before and after the modification and 3) the classification as a debt or equity award is the same before and after the modification. This update is effective for fiscal years beginning after December 15, 2017 and are to be applied prospectively to new awards granted after adoption. Management determined that the adoption of this guidance will not have a material impact on the financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC, did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

Note 2. Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. However, the Company has had negative working capital and a stockholders' deficit. The Company believes that its existing cash resources are not sufficient to fund its debt payments and working capital requirements.

The Company may not be able to raise sufficient additional debt, equity or other cash on acceptable terms, if at all. Failure to generate sufficient revenues, achieve certain other business plan objectives or raise additional funds could have a material adverse effect on the Company's results of operations, cash flows and financial position, including its ability to continue as a going concern, and may require it to significantly reduce, reorganize, discontinue or shut down its operations.

In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company which, in turn, is dependent upon the Company's ability to meet its financing requirements on a continuing basis, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in its existence. Management's plans include efforts to develop new revenue sources and negotiate further debt reductions with creditors.

There can be no assurance that the Company will be able to achieve its business plan objectives or be able to achieve or maintain cash-flow-positive operating results. If the Company is unable to generate adequate funds from operations or raise sufficient additional funds, the Company may not be able to repay its existing debt, continue to operate its network, respond to competitive pressures or fund its operations. As a result, the Company may be required to significantly reduce, reorganize, discontinue or shut down its operations. Accordingly, the management of the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date of these financial statements.

Note 3. Deposit

In March 2022, the Company signed an Asset Purchase Agreement for Jamore Food & Beverage International Inc. for 30,000,000 restricted common shares.

The encumbrance of these shares have been value at $0.03, the closing stock price on March 25, 2022, or $900,000 and has been treated as a deposit.

Note 4. Notes receivable, current

In March 2021, the Company entered into a notes receivable to a third party for $48,875, with 5% interest. The note was originally due on December 31, 2021, but has been extended to June 30, 2022.

The value of this note is $50,053 as of March 31, 2022; $49,464 as of December 31, 2021.

Note 5. Note receivable, related party

As of March 31, 2022, and December 31, 2021, respectively, the Company advanced funds against the following.

	2022	2021
IPS	$ 15,775	$ 15,775
Advanced Carbon	19,425	19,425
ID Global	80,848	88,739
Total	$ 116,048	$ 123,939

The above advances, plus additional funds paid in 2021, were turned into notes receivable plus 5% interest. The notes were due and payable December 31, 2021, but have been extended to June 30, 2022. Included in the above amounts is accrued interest of $1,698 as of March 31, 2022.

Due to common ownership by our Chief Executive, we have treated these as related party notes receivable. However, the value of these items did not result in consolidation of these entities as the other parties are not economically dependent on the Company.

Note 6. Goodwill

In July 2020, the Company acquired all of the outstanding shares of Monochrome Corp. for 40,000,000 shares of the Company's common stock. At July 15, 2020, the Company’s closing stock price was $0.0063.

Included in the purchase agreement are several contingent clauses which, should they occur, would result in the return of shares to the Company. Pursuant to FASB ASC 805-30, the changes in the fair value will be recognized in earnings. As of July 31, 2021, pursuant to these clauses’, management determined that 7,500,000 common shares should be returned to the Company. The shares were surrendered in September 2021.

Income Taxes

The Company did not record income tax expense for the three month period ended March 31, 2022 because of the net loss incurred for that period. Due to the net loss position the Company will need to consult with tax advisors on if there is any tax consequence to non-cash debt extinguishments that are part of renegotiated debt. The Company has accumulated net operating losses of approximately $59 million for United States federal tax purposes as of March 31, 2022 and $59 million as of December 31, 2021. Due to continued losses the last tax return filed for the Company was as of December 31, 2014 which makes it possible that the Company has no possible net operating losses.

Additionally, per U.S. Internal Revenue Code Section 382, in the event of a change of ownership, the availability of the Company's net operating losses carry forwards may be subject to an annual limitation against taxable income in future periods, which could substantially limit the eventual utilization of this net operating loss carry forwards. This limitation may not apply pursuant to an ownership change as described in Section 1262 of P.L. 111-5.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The only significant component of the Company's deferred tax asset is its net operating loss carryforward, which provides a deferred tax asset of approximately $12 million. The Company records a 100% valuation allowance that results in a net deferred tax asset of $0.

The Company did not have any material unrecognized tax benefits as of March 31, 2022 and December 31, 2021. The Company does not expect the unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the three month periods ended March 31, 2022 and 2021. The Company is subject to United States federal income tax, as well as taxes by various state jurisdictions. The Company is currently open to audit under the statute of limitations by the federal and state jurisdictions for the years ending December 31, 2017 through 2020.

Note 7. Notes Payable and Convertible Note Payable, net

The following table represents the outstanding balance of notes payable and convertible notes payable, net.

	March 31, 2022	December 31, 2021
Mining related notes payable	$ 5,704,434	$ 5,704,434
Other notes payable	35,000	35,000
Convertible notes payable, net	541,961	582,328
Less – current portion	(5,739,434)	(5,739,434)
Less – current portion convertible notes payable, net	(267,000)	(265,163)
Total – non-current portion	$ 274,961	$ 317,165

The five-year maturity schedule for notes payable and convertible notes payable, net is presented below:

	2023	2024	2025	2026	Thereafter	Total
Mining related notes payable	$ 5,704,434	$ -	$ -	$ -	$ -	$ 5,704,434
Notes payable	35,000	-	-	-	-	35,000
Convertible notes payable, net	267,000	274,961	-	-	-	541,961
Total	$ 6,006,434	$ 274,961	$ -	$ -	$ -	$ 6,281,395

<u>Mining related notes payable:</u>

Prior to January 1, 2019, prior management continued investments in mining concessions and opportunities in Mexico. This resulted in $2,576,615 in various promissory notes ranging in maturity dates from December 31, 2019 to July 7, 2025. In 2021, current management renegotiated with several of these note holders to convert these term notes into convertible notes resulting in $249,750 remaining related to this area.

Between March 31, 2009 and December 31, 2010, 71 persons invested in Adit Resources Corp. (a former subsidiary of Firma). In 2021, current management negotiated with several of these investors to turn their stock investment in Adit (a private company) into:

- the issuance of one share of Firma's common stock in exchange for one share of Adit's common stock, and
- the issuance of one warrant for each share of common stock held by an Adit shareholder.

As of March 31, 2022, and December 31, 2021, respectively, the value of the shares in Adit have been treated as non-interest bearing debt totaling $1,310,663. For the year ended December 31, 2021, 18 of these Adit shareholders released any claims they have or may have against Firma and signed conversion documents.

In October 2020, the Company divested itself of all mining operations and related companies having to do with mining in the country of Mexico. In connection with this, the Company entered into a non-interest bearing demand promissory note for $4,211,521 due December 31, 2022 which also required the

Company's U.S. subsidiaries associated with the mining concessions in Mexico to be debt free and unencumbered. This resulted in required negotiations with both the Adit shareholders and other debt holders who had previously invested in the Mexico mining opportunities.

In connection with the above demand promissory note, the Company has also pledged 15,000,000 shares of restricted common stock which were issued in December 2021 and have been treated as a non-amortizing debt discount to the related debt. The agreement allows for certain forgiveness of debt if the following milestones are met:

- Net proceeds received from the sale or transfer of the mining assets meets or exceeds $3,000,000; or,
- The Company's stock trades at $0.40 or higher per share for a period of at least three hundred and sixty (360) consecutive days and note holder is able to liquidate of the pledged shares.

Convertible notes payable, net:

Through December 31, 2021, the Company had a total of $849,000 in convertible debt, net of $266,672 in unaccreted beneficial conversion feature. This consists of nine (9) convertible debt notes that are all fix rate conversion instruments with conversion prices ranging from $0.02 - $0.035, interest rates that range from 0% - 5% and maturity dates ranging from October 2021 – April 2022.

In the three months ending March 31, 2022:

- Two (2) convertible note holders converted $200,000 plus $121,306 of accreted beneficial conversion feature, into 9,111,202 of the Company's common stock.

As of March 31, 2022, the Company had a total of $649,000 in convertible debt, net of $107,039 in unaccreted beneficial conversion feature. This consists of four (4) convertible debt notes that are all fix rate conversion instruments with conversion prices ranging from $0.02 - $0.035, interest rates that range from 0% - 5% and maturity dates ranging from October 2021 – December 2023.

Note 6. Derivative liability

The Company evaluated their convertible note agreements pursuant to ASC 815 and due to there being no minimum or fixed conversion price resulting in an indeterminate number of shares to be issued in the future, the Company determined an embedded derivative existed for one note and ASC 815 applied. The Company valued the embedded derivatives using the Black-Scholes valuation model.

In January 2021, the Company entered into a $25,000 convertible note with a variable conversion rate, 5% interest rate due on January 1, 2023.

As of December 31, 2021, this debt instrument has been paid in full the derivative liability removed from our financial statements.

Note 7. Stockholders' Equity

The authorized common stock of Firma Holdings consists of 100,000,000 shares of preferred stock with a par value of $0.01, 25,000,000 of which is not designated and 75,000,000 is designated as Class A; and 500,000,000 shares of common stock with par value of $0.001.

Class A Preferred Shares have the following clauses:

- Certain liquidation clauses;

- Conversion of Class A Preferred Shareholders' can convert their preferred stock into 100 shares of common stock of the Company;
- Voting rights: 100 votes per share, entitled to vote on any and all matters brought before common shareholders.

In the three months ending March 31, 2022 the Company had the following stock transactions:

- Issued 16,237,514 shares of common stock for services valued at an average of $0.023 per share or $370,959 and encumbered $300,301 in stock payable related to services to be paid in stock; and,
- Issued 9,111,202 shares of common stock for convertible debt valued at $0.021951 per share or $200,000.
- Encumbered 2,500,000 common shares for $50,000 or $0.02 per share; these shares were issued subsequent to March 31, 2022.

In 2021 the Company had the following stock transactions:

- $1,541,545 of beneficial conversion feature on convertible notes payable was recognized, and $11,698 of debt discount on notes payable was recognized for a total of $1,553,243;
- Issued 40,723,714 shares of common stock for cash, including stock payable from prior periods, valued at an average of $0.015 per share, valued at $594,322;
- Issued 5,500,000 shares of common stock for services valued at an average of $0.114 per share or $630,000 and encumbered $510,961 in stock payable related to services to be paid in stock; and,
- Issued 87,858,542 shares of common stock for convertible debt plus accrued interest valued at $3,782,574. Several shareholders are pending common stock issuance for their conversions for an additional $509,808;
- Issued 50,000,000 shares of common stock for a deposit related to the Memorandum of Understanding to purchase NorthStar Sustainable Energy, which was then surrender, see Note 4 above; and,
- The surrender of 7,500,000 of common stock related to the Monochrome purchase.

Note 8. Options and Warrants

Firma Holdings has the following incentive plans which are registered under a Form S-8:

- Incentive Stock Option Plan
- Nonqualified Stock Option Plan
- Stock Bonus Plan

As of December 31, 2020, all options previously issued under this plan expired without execution and the plan has no options outstanding.

A summary of warrant activity as of March 31, 2022 and December 31, 2021, and changes during the period then ended is presented below:

Warrants	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	37,215,983	$ 0.03	2	$ 1,126,462
Granted	29,375,000	0.06	2	1,540,000
Exercised	-	-		
Forfeited, expired or cancelled	-	-		
Outstanding at December 31, 2021	66,590,983	$ 0.05	2	$ 2,666,462
Granted	2,500,000	0.03	3	75,000
Exercised	-	-		
Forfeited, expired or cancelled	(12,142,858)	(0.03)		$ (350,000)
Outstanding at March 31, 2022	56,948,125	$ 0.05	2	$ 2,391,463
Exercisable at March 31, 2022	56,948,125	$ 0.05	2	$ 2,391,463

All warrants vest upon issuance.

Note 9. Fair Value

In accordance with authoritative guidance, the table below sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value at March 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets:				
None	$ -	$ -	$ -	$ -
Liabilities:				
Beneficial conversion feature of convertible notes payable	$ 107,039	$ 107,039	$ -	$ -

	Fair Value at December 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets:				
None	$ -	$ -	$ -	$ -
Liabilities:				
Beneficial conversion feature of convertible notes payable	$ 266,672	$ 266,672	$ -	$ -

Note 10. Subsequent Events

A summary of subsequent events in 2022 are below:

- 19,100,000 common shares issued for debt conversions with an average price of $0.02 per share.
- 6,346,154 common shares issued for cash with a stock price of $0.015 per share or $100,000.
- Issuance of 2,500,000 common shares for $50,000 cash received in the first quarter.