Maritime Launch Services Ltd.

Consolidated Financial Statements

For the years ended December 31, 2021 and December 31, 2020

Independent Auditor's Report

To the Shareholders of Maritime Launch Services Ltd.:

Opinion

We have audited the consolidated financial statements of Maritime Launch Services Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has incurred a net loss during the years ended December 31, 2021 and December 31, 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 comprises Management's Discussion and Analysis for the period ended December 31, 2020. For 2021, there was no other information prepared by management.

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 audits 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 audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis for the period ended December 31, 2020 prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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.

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

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 Marufur Raza.

MNP LLP

Toronto, Ontario | Chartered Professional Accountants

April 25, 2022 | Licensed Public Accountants

Maritime Launch Services Ltd.
Consolidated Financial Statements
For the years ended December 31, 2021 and December 31, 2020

Contents

Consolidated Financial Statements

Maritime Launch Services Ltd.
Consolidated Statements of Financial Position

December 31	Notes		2021		2020
Assets					
Current assets					
Cash		$	**3,889,221**	$	50
Restricted cash	18		**3,942,923**		-
Short-term investment	5		**100,000**		-
Trade and other receivables			**-**		1,560
Sales tax receivable			**267,385**		15,301
Prepaid expenses and deposits			**42,440**		-
Total current assets			**8,241,969**		16,911
Long-term deposit	11		**375,000**		-
Land, spaceport under construction, and equipment	6		**3,160,573**		-
Right-of-use asset	7		**93,494**		-
Total assets		**$**	**11,871,036**	$	16,911
Liabilities and Shareholders' Deficiency					
Current liabilities					
Accounts payable and accrued liabilities	8	**$**	**806,101**	$	505,292
Subscription receipts payable	18		**3,942,923**		-
Due to shareholders	14		**-**		808,492
Current portion of long-term debt	9		**-**		568,696
Current portion of lease liability	7		**13,150**		-
Convertible debentures	10		**7,308,007**		-
Derivative liability	10		**1,667,000**		-
Shares presented as liability	11		**-**		295,342
Total current liabilities			**13,737,181**		2,177,822
Non-current liabilities					
Lease liability	7		**92,592**		-
Total liabilities			**13,829,773**		2,177,822
Shareholders' deficiency					
Share capital	11		**4,828,720**		641,900
Warrants reserve	12		**377,369**		159,369
Contributed surplus			**114,760**		-
Deficit			**(7,279,586)**		(2,962,180)
Total shareholders' deficiency			**(1,958,737)**		(2,160,911)
Total liabilities and shareholders' deficiency		**$**	**11,871,036**	$	16,911

Going Concern Uncertainty (Note 2)
Commitments (Note 17)
Subsequent Events (Note 18)
Uncertainty due to COVID-19 (Note 19)

On behalf of the Board

(signed) Sasha Jacob Director

(signed) Stephen Matier Director

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

Maritime Launch Services Ltd.
Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31	Notes		2021		2020
Operating expenses					
Administration		**$**	**189,392**	$	13,379
Management fees	14		**152,170**		-
Professional services			**1,244,426**		406,500
Research and development			**72,314**		44,139
Stock based compensation	11		**114,760**		-
Amortization	6,7		**11,249**		-
Wages and salaries	14		**445,971**		-
Fair value adjustment on derivatives	10		**1,574,000**		-
Loss from operations			**3,804,282**		464,018
Other income (expense)					
Interest and accretion expense	10,14		**(507,616)**		(124,936)
Foreign exchange gain (loss)			**(5,508)**		25,164
			(513,124)		(99,772)
Loss and comprehensive loss for the year		**$**	**(4,317,406)**	$	(563,790)
Loss per share					
Weighted average shares outstanding			**71,468,875**		52,206,895
Basic and diluted loss per share		**$**	**(0.06)**	$	(0.01)

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

Maritime Launch Services Ltd.
Consolidated Statements of Changes in Shareholders' Deficiency

	Notes	Share Capital Number(1)	Share Capital Amount	Warrant Reserve	Contributed Surplus	Deficit	Total shareholders' deficiency
Balance, as at January 1, 2020		50,254,840	$ 291,900	$ 159,369	$ -	$ (2,398,390)	$ (1,947,121)
Loss and comprehensive loss for the year		-	-	-	-	(563,790)	(563,790)
Shares issued in exchange for services	11	12,500,000	350,000	-	-	-	350,000
Balance, as at December 31, 2020		62,754,840	$ 641,900	$ 159,369	$ -	$ (2,962,180)	$ (2,160,911)
Loss and comprehensive loss for the year		-	-	-	-	(4,317,406)	(4,317,406)
Stock options granted	11	-	-	-	114,760	-	114,760
Warrants issued	12	-	-	218,000	-	-	218,000
Shares issued in exchange for cash (net of issuance costs)	11	12,000,000	2,696,785	-	-	-	2,696,785
Shares issued in exchange for services	11	1,500,000	370,000	-	-	-	370,000
Shares issued to settle liabilities	14	660,046	495,035	-	-	-	495,035
Shares issued for prepaid services	11	500,000	375,000	-	-	-	375,000
Shares reclassified from liability	11	-	250,000	-	5	-	250,000
Balance, as at December 31, 2021		77,414,886	$ 4,828,720	$ 377,369	$ 114,760	$ (7,279,586)	$ (1,958,737)

(1) As at December 31, 2020, these shares include 250,000 common shares that are presented as a liability (see Note 11).

Maritime Launch Services Ltd.
Consolidated Statements of Cash Flows

For the years ended December 31	2021	2020
Cash flows used in operating activities		
Loss and comprehensive loss for the year	**$ (4,317,406)**	$ (563,790)
Adjustments for:		
Amortization	**11,249**	-
Interest and accretion expense	**515,517**	124,978
Issuance of shares for services	**370,000**	350,000
Stock-based compensation	**114,760**	-
Derivative liability - fair value adjustment	**1,574,000**	-
Issuance costs related to derivative liability expense	**1,931**	-
	(1,729,949)	(88,812)
Changes in non-cash working capital balances		
Trade and other receivables	**1,560**	-
Prepaid expenses and deposits	**(42,440)**	-
Sales tax receivable	**(252,084)**	5,419
Accounts payable and accrued liabilities	**39,437**	77,025
	(253,527)	82,444
	(1,983,476)	(6,368)
Cash flows used in investing activities		
Purchase of land and equipment	**(109,400)**	-
Costs incurred for spaceport under construction	**(2,646,157)**	-
Increase in restricted cash	**(3,942,923)**	-
Purchase of guaranteed investment certificates	**(100,000)**	-
	(6,798,480)	-
Cash flows provided by financing activities		
Increase in subscription receipts payable	**3,942,923**	-
Advances from (repayment to) shareholders	**(313,457)**	5,937
Repayment of long-term debt	**(620,000)**	-
Payment on lease liability	**(2,556)**	-
Proceeds from issuance of convertible debentures	**7,500,000**	-
Costs incurred related to issuance of convertible debentures	**(594,854)**	-
Proceeds from issuance of common shares	**3,000,000**	-
Costs incurred related to issuance of common shares	**(240,929)**	-
	12,671,127	5,937
Increase (decrease) in cash during the year	**3,889,171**	(431)
Cash, beginning of year	**50**	481
Cash, end of year	**$ 3,889,221**	$ 50

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

1. Nature of Business

Maritime Launch Services Ltd. (the “Company” or "MLS") is a corporation domiciled in Canada, provincially incorporated under the Companies Act of Nova Scotia. The company is in process of constructing and operating Canada's first commercial spaceport ("Spaceport") for launching satellites into low earth orbit. The address of the Company’s registered head office is Suite 900, 1959 Upper Water Street Halifax, Nova Scotia B3J 3N2.

2. Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information, which is at least, but is not limited to, twelve months from the end of the reporting period.

At December 31, 2021, the Company had no source of operating cash flow. Operations have been funded from the issuance of share capital and convertible debentures and as such, the Company's ability to continue as a going concern is dependent upon the ability to obtain financing to be able to secure adequate bonding for future projects. It is not possible at this time to predict the outcome of these matters. The Company incurred a net comprehensive loss of $4,317,406 for the year ended December 31, 2021 (2020 - total comprehensive loss of $563,790). As a result, there is material uncertainty that may cast significant doubt as to whether the Company will have the ability to continue as a going concern.

These consolidated financial statements do not reflect the material adjustments to carrying values of assets and liabilities, and the reported expenses, that would be necessary if the going concern assumption was inappropriate.

3. Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of the Company include the accounts of Maritime Launch USA Inc., a wholly owned subsidiary, in Delaware U.S. incorporated in November 2021. All transactions and balances between these companies have been eliminated on consolidated.

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") of the International Financial Reporting Standards Interpretation Committee ("IFRIC") (collectively "IFRS").

The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in the notes to follow.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 25, 2022.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policy or note disclosures to follow.

Foreign Currency

Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These consolidated financial statements are presented in Canadian Dollars ("CDN"), which is also the functional currency for the Company and its subsidiary.

Foreign Currency Transactions

Transactions entered into by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the closing rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

3. Significant Accounting Policies (Continued)

Financial Instruments

The Company initially recognizes all financial instruments on the date the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are originally recognized at fair value. Depending on classification, financial instruments are subsequently measured at either fair value or amortized cost. Fair value is determined as explained in Note 16.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The following sections identify the Company's financial assets and liabilities and how they are classified:

Financial Assets

The Company classifies its financial assets into one of the categories below depending on the business model in which they are held and the characteristics of their contractual cash flows.

Financial Assets at Amortized Cost

Financial assets at amortized costs arise principally from the provision of goods and services to customers (trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial assets at amortized cost comprise of cash, restricted cash and short-term investments, and trade and other receivables.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognized at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs.

The Company's derivative liability are accounted for at fair value through profit or loss.

3. Significant Accounting Policies (Continued)

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statements of loss and comprehensive loss when the liabilities are derecognized as well as through the amortization process.

The Company has the following other financial liabilities: accounts payable and accrued liabilities, subscription receipts payable, due to shareholders, shares presented as liability, liability component of convertible debentures, and long-term debt.

Internally Generated Intangible Assets (Development Costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Company expects to benefit from selling the products developed. The amortization expense is included within the administration expenses in the statements of loss and comprehensive loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statements of loss and comprehensive loss as incurred. To date, no expenditures have met the requirements for capitalization.

Equipment

Equipment is measured at historical cost, less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Equipment is amortized over its estimated useful life of the asset calculated as follows:

	Basis	**Rate**
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of loss and comprehensive loss in the period the asset is derecognized.

3. Significant Accounting Policies (Continued)

Spaceport under Construction

Initial costs related to the spaceport under construction are capitalized when they meet the criteria in IAS 16 Property, Plant & Equipment which are (a) it is probable the future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. To date, the costs have been directly attributable costs related to initial site preparation and are measured at their fair value. The cost model is being used to account for the spaceport under construction. Depreciation will commence when the spaceport is available for use. The Company capitalizes the proportionate cost of general borrowings, which are the convertible debentures, to the spaceport under construction.

Convertible Debentures

On issuance of convertible debentures, the Company analyzes the terms to determine whether the conversion features represent equity or a derivative liability. The convertible debentures provide the holder with the option to convert the debentures into common shares based on a price that is adjusted based on future events (Note 10). As a result of the fact that a variable number of shares will be issued in the event of conversion, the conversion feature represents a derivative liability. The Company fair valued the derivative liability on issuance with the residual recorded to the financial liability component. The Company accounts for the components subsequent to issuance as described in the Financial Liabilities accounting policy.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives removed. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset, or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

3. Significant Accounting Policies (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statements of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Income Taxes

Current Income Taxes

Current income taxes assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Income Taxes

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for taxable temporary differences arising on the initial recognition of temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred taxes assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

3. Significant Accounting Policies (Continued)

Current and deferred tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

Share-based Payments

The Company grants common stock options to its employees and officers under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model which determines volatility based on comparable publicly traded companies' volatility for a similar term as the expected life of the options.

Options and shares granted to non-employees in exchange for services are valued at the fair value of the services incurred by the Company, unless the fair value cannot be estimated reliably, in which case the services are valued based on the fair value of the equity instruments granted.

Share-based compensation costs, measured at grant date based on the fair value of all options granted and recognized over the service period involved, are recorded as expenses on the statements of loss and comprehensive loss and credited to contributed surplus. The consideration paid by employees upon exercise of the options and the fair value of the options exercised are added to share capital.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company’s ordinary shares are classified as equity instruments, except for shares issued that have a redemption clause at the option of the holder.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common stock outstanding during the year.

3. Significant Accounting Policies (Continued)

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common stock outstanding, adjusted for the effects of all dilutive potential common stock. The weighted average number of common stock outstanding is increased by the number of additional common stock that would have been issued by the Company assuming exercise of all options and equity instruments with exercise prices below the average market price for the year.

New Standards, Interpretations, and Amendments not yet Effective

There are a number of standards, amendments to standards, and interpretation which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)';
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-20 (Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3)

IAS 1 - Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that the current or non-current classification is based on whether the entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that settlement includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that these amendments to IAS 1 will have a significant impact on the classification of liabilities.

The Company does not expect any other standards issued by the IAS, but not yet effective, to have a material impact on the Company.

4. Critical Accounting Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Shares Issued in Exchange for Services

The Company has issued common shares in exchange for services received. In accordance with IFRS 2, in most instances such shares must be valued as the fair value of the services received. Significant judgment is required to determine the fair value of the services, which can include a comparison to similar services received which were settled in cash.

Depreciation and Amortization

Depreciation and amortization methods for property and equipment are based on management's judgment of the most appropriate method to reflect the pattern of an asset's future economic benefit expected to be consumed by the Company. Among other factors, these judgments are based on industry standards, manufacturers' guidelines and Company specific history and experience.

Present Value of Financial Liability

The Company has issued a compound financial instrument with both a liability and an equity component. The financial instrument has been bifurcated by evaluating the fair value of the liability component, using a discount rate equal to the interest rate that would be applied to a similar debt instrument without an equity feature. The Company uses its own credit risk and those of comparable companies to estimate the present value of the debt (Note 9).

Fair Value of Derivative Liability Component of Convertible Debentures

The Company has issued convertible debentures that are accounted for as a hybrid financial instrument due to the fact that there are liability and derivative liability components. The financial instrument has been bifurcated by evaluating the fair value of the derivative liability component and the residual was assigned to the host financial liability. To determine the fair value of the derivative liability, the Company used the Barrier Option Model (refer to Note 16). Significant judgment was required to estimate the fair value of the common share and the probability of a going public transaction.

4. Critical Accounting Estimates and Judgments (Continued)

Judgments

Capitalization of Property and Equipment

The capitalization of property and equipment under construction under IFRS is based on management's judgement as to whether all criteria under IAS 16 have been met. Significant judgment is required to assess whether expenditures should be capitalized, particularly with regards to the assessment of the point in time when it becomes probable that the property and equipment under construction will generate future economic benefits that will ultimately flow to the Company.

Income Taxes

Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Long-term Debt

Judgment was required to determine the expected repayment date for the long-term debt due to the fact its repayment date was based on when the Company completed a round of financing (Note 9). Management considered the information available to them at the time of preparation of the consolidated financial statements in order to determine the expected repayment date.

5. Guaranteed Investment Certificate

During the year ended December 31, 2021, the Company obtained two one-year cashable guaranteed investment certificates ("GICs") from the Royal Bank of Canada, each in the amount of $50,000, bearing interest at 0.4% per annum, maturing May 20, 2022 and September 29, 2022 respectively. The GICs have been recorded as short-term investments.

6. Land, Spaceport under Construction, and Equipment

	Cost		
	Cost	Additions	Total
Land	$ -	$ 80,012	$ 80,012
Computer Equipment	-	13,833	13,833
Furniture and Equipment	-	15,556	15,556
Spaceport under Construction	-	3,055,350	3,055,350
	-	3,164,751	3,164,751

	Depreciation		
	Accumulated Depreciation	Depreciation	Total
Land	$ -	$ -	$ -
Computer Equipment	-	(2,882)	(2,882)
Furniture and Equipment	-	(1,296)	(1,296)
Spaceport under Construction	-	-	-
	$ -	$ (4,178)	$ (4,178)

	Net Book Value	
	December 31, 2021	December 31, 2020
Land	$ 80,012	$ -
Computer Equipment	10,951	-
Furniture and Equipment	14,260	-
Spaceport under Construction	3,055,350	-
	$ 3,160,573	$ -

During the year ended December 31, 2021, the Company capitalized borrowing costs of $147,823 (2020 - $nil).

7. Right-of-Use Assets and Lease Liabilities

(a) The following table presents the right-of-use assets for the Company:

	2021	2020
Balance January 1	**$ -**	$ -
Additions	**100,565**	-
Disposals	**-**	-
Depreciation	**(7,071)**	-
Balance	**$ 93,494**	$ -

The Company's lease is for office space. The initial term of the lease was 5.3 years and the Company has estimated an annual incremental borrowing rate of 18%. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option.

(b) The following table presents lease liabilities for the Company

	2021	2020
Balance January 1	**$ -**	$ -
Additions	**100,565**	-
Disposals	**-**	-
Payments	**(2,556)**	-
Interest incurred	**7,733**	-
Balance	**$ 93,494**	$ -
Current	**13,150**	-
Non-current	**92,592**	-
Total	**$ 105,742**	-

(c) The following table presents the contractual undiscounted cash flows for lease liabilities as at December 31, 2021:

	Total Undiscounted Lease Liabilities	
Less than one year	**$ 30,674**	$ -
One to five years	**128,504**	-
Total undiscounted lease liabilities	**$ 159,178**	$ -

Total cash outflow for leases for the year ended December 31, 2021 was $2,556 (2020 -$Nil).

8. Accounts Payable and Accrued Liabilities

	2021	2020
Trade payables	**$ 806,101**	$ 505,292

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade payable amounts are unsecured and usually paid within 30 days of recognition.

9. Long-term Debt

In conjunction with the loan with a principal amount of $500,000, the Company issued 3,000,000 warrants in 2018, the value of which is recorded as a warrant reserve. The warrants have been accounted for as a discount, by applying a rate of return to the debt of 22.1%, and was accreted using the effective interest method until its repayment.

During the year ended December 31, 2021, the Company recorded interest expense of $17,972 (2020 - $100,000). During the year ended December 31, 2021, the Company recorded accretion expense of $33,331 (2020 - $128,065). In May 2021, the Company repaid the principal balance and related interest in the amount of $620,000.

10. Convertible Debentures

On May 7, 2021, the Company issued unsecured convertible debentures for proceeds of $7,500,000 that bear interest at 4% per annum, calculated, accruing, and compounded annually with principal and interest due on May 7, 2022 or such later date as may be mutually agreed. The debentures are convertible into common shares at a price of $0.75 per share on demand at any time by the holder and the debentures will convert at the election of the Company in the event of a Going Public Transaction where either (a) the Company has not raised less than $10M in equity at a price of not less than $1.00 per common share or (b) the common shares trade at over $1.00 for 10 consecutive trading days on a recognized exchange. In the event the Company does not complete a Going Public Transaction prior to December 31, 2021, the conversion price will be adjusted such that upon conversion the Company shall issue an additional 10% of the number of common shares, and a further 1% per month thereafter. Therefore, if the Company does not complete a Going Public Transaction, at the end of each month the conversion price shall be adjusted such that upon conversion the Company shall issue an additional 1% of the number of common shares.

The conversion feature that provides the holder with the option to convert the debentures into common shares based on a price that is adjusted in the event of a Going Public Transaction has not occurred by December 31, 2021 results in the conversion being accounting for as a Derivative Liability as a variable number of shares will be issued in the event of conversion. As a result, the convertible debenture is a hybrid financial instrument. The liability component is being accounted for as an Other Financial Liability and an effective interest rate of 15.7% is being used to accrete the liability component.

The following table outlines the continuity of the convertible debentures and the derivative liability as at December 31, 2021:

	Convertible Debentures	Derivative Liability
Proceeds from issuance of unsecured convertible debentures	**$ 7,500,000**	$ -
Cash issuance costs	**(594,854)**	-
Fair value of warrants issued attributable to convertible debentures	**(153,784)**	-
Fair value attributed to derivative liability component	**(93,000)**	93,000
Residual attributed to financial liability component	**6,658,362**	-
Accrued interest at 4%	**175,000**	-
Fair value adjustment - derivative liability	**-**	1,574,000
Accretion of discount	**474,645**	-
Balance at December 31, 2021	**$ 7,308,007**	$ 1,667,000

10. Convertible Debentures (Continued)

Cash costs of $843,252 were incurred related to this transaction and the issuance of common shares that occurred at around the same time. The Company also issued 840,000 warrants with an exercise price of $0.25 and 700,000 warrants with an exercise price of $0.75 to the finders. These costs were apportioned, based on the proceeds received, between share capital and the liability and derivative liability components of the convertible debentures as follows:

	December 31, 2021
Costs attributed to common shares	$ 303,215
Costs attributed to liability component	748,637
Costs attributed to derivative liability component	9,400
	$ 1,061,252

Costs attributed to the common shares were accounted for as a share issue cost. The costs attributed to the liability component of the convertible debenture were subtracted from the carrying amount of the financial liability and will be amortized as a part of the effective interest method. The costs attributed to the derivative liability component were expensed immediately.

On March 29, 2022, subsequent to December 31, 2021, the convertible debentures were amended to extend the maturity to May 7, 2023 and to reflect certain other customary adjustments in contemplation of the closing of the Reverse Takeover (Note 18(a)).

11. Share Capital

Authorized

An unlimited number of shares without par value of the following classes:

Common shares voting and participating;

(a) Issued and outstanding shares

Presented as equity

		2021		2020
77,414,886 Common shares (2020 - 62,503,000)	**$**	**4,828,720**	$	640,060
Nil Class "B" Common shares (2020 - 1,840)		**-**		1,840
	$	**4,828,720**	$	641,900

Presented as liability

		2021		2020
Nil Common shares (2020 - 250,000)	**$**	**-**	$	295,342

On April 4, 2019, the Company issued 250,000 common shares for cash consideration of $250,000 to a construction company. The shares were redeemable at the option of the holder at $1 per share plus accrued interest at 10% per annum, at any time from April 4, 2021 until April 4, 2022. On October 25, 2021, the Company amended the agreement that provided the holder with the right to redeem these shares such that the common shares no longer have a redemption right and the interest is no longer payable. As a result, the common shares are no longer presented as a liability and interest that had been accrued of $67,732 was recorded as a reduction to interest expense. At the same time, the Company amended the Memorandum of Understanding ("MOU") it had entered into in March 2019 for the construction of the Spaceport. Pursuant to the original MOU, the Company was to issue 500,000 common shares upon completion of the Early Works. Pursuant to the amendment, the Company agreed to issue the 500,000 common shares upon execution of the Amending Agreement, in advance of the services having been completed. The shares were valued at their fair value of $0.75 and a prepaid expense of $375,000 was recorded.

Between April 19, 2021 and May 5, 2021, the Company issued 12,000,000 common shares to various individuals for cash consideration of $3,000,000. The Company incurred cash share issuance costs of $240,929 and non-cash of $62,286 (related to warrants issued).

On July 15, 2021, the Company issued 1,500,000 common shares to a non-employee shareholder in exchange for services received. These shares were measured at $370,000, being the fair value of the services received by the Company, and were recorded as an expense in professional services.

11. Share Capital (Continued)

On August 9, 2021, a special resolution was passed to convert the Class B common shares into common shares. On the same date, these Class B common shares were deleted from the Company's authorized capital.

During October and November 2021, the Company settled liabilities to two shareholders in the amount of $495,035 through the issuance of 660,046 common shares on November 4, 2021 (Note 14).

(b) Stock option plan

The Company has established a stock option plan. Under the plan, eligible directors, key employees, and consultants of the Company are granted the right to purchase shares of common stock at a price established by the Board of Directors on the date the options are granted. The Board is also authorized to determine the terms of the grant including the time or times when each option shall vest, the duration of the exercise period, and any performance vesting or other exercise conditions. The Board may make available a number of common shares it considers appropriate, not exceeding 10% of the common shares outstanding from time to time. In the event of a Going Public transaction, the Board may, in its sole and absolute discretion, permit the exercise prior to the Going Public transaction of any or all options held by optionees which are not by their terms exercisable in the manner and on the terms authorized by the Board.

The weighted average fair value of options granted during the year ended December 31, 2021 was $0.33 per option, calculated using the Black-Scholes option pricing model. The expected life of the options is equivalent to the life of the options granted. Expected volatility is based on historical price volatility for comparable publicly traded companies over terms consistent with the expected life.

The following assumptions were used to determine the fair value of the options granted in the year ended December 31, 2021:

Weighted average grant date share price	$0.51
Exercise price	$0.75
Expected price volatility	91%
Expected option life	5 years
Expected dividend yield	0%
Risk-free interest rate	1%
Forfeiture rate	0%

11. Share Capital (Continued)

	December 31, 2021
Outstanding, January 1	-
Granted	3,100,000
Exercised	-
Forfeited	-
Outstanding, December 31	**3,100,000**

Certain options granted during 2021 are subject to certain performance vesting conditions. The performance condition is generally that they are exercisable upon the SpacePort becoming fully operational. The weighted average grant date fair value of the options granted during 2021 was $0.33. The weighted average remaining contractual life as at December 31, 2021 is 4.70 years. At December 31, 2021, 25,000 options are exercisable.

12. Warrants

A summary of the status of the Company's outstanding warrants as at December 31, 2021 and 2020, and changes during the years ended on those dates is presented below:

	2021		2020	
	Number of Warrants	**Weighted Average Exercise Price $**	Number of Warrants	Weighted Average Exercise Price $
Outstanding, January 1	**3,000,000**	**0.35**	3,000,000	0.35
Issued	**1,540,000**	**0.48**	-	-
Outstanding, December 31	**4,540,000**	**0.39**	3,000,000	0.35

The 3,000,000 warrants expire at the later of June 10, 2021 and the date that the Company completes a transaction whereby it has either (a) filed and received a receipt for a long-form prospectus qualifying an inital public offering of common shares and contemporaneous listing of the common shares on a recognized exchange; or (b) completed a reverse take-over or similar transaction with a company that results in the holders of common shares, in exchange for their common shares, shares of a company listed on a recognized exchange.

In conjunction with the issuance of convertible debentures (Note 10) and the common shares, the Company issued a total of 1,540,000 warrants to the finders. These warrants are exercisable at any time prior to the date that is 36 months after the completion of a Going Public Transaction. 840,000 warrants were issued with an exercise price of $0.25 and 700,000 warrants were issued with an exercise price of $0.75. The weighted average fair value of the warrants was determined to be $0.15 per warrant, calculated using the Black-Scholes option pricing model. The following assumptions were used:

Grant date share price	$0.25
Exercise price	$0.25 and $0.75 as described above
Expected price volatility	101%
Expected warrant life	3.5 years
Expected dividend yield	0%
Risk-free interest rate	0.8%

13. Income Taxes

a) The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to pre-tax income and the reported income tax expense:

	2021	2020
Loss before income taxes	**$ (4,317,406)**	$ (563,790)
Combined basic federal and provincial tax rates	**29.00%**	29.00%
Expected income tax recovery	**$ (1,252,048)**	$ (163,499)
Fair value adjustment on derivatives	**456,460**	-
Stock based compensation and non-deductible items	**156,401**	108,211
Share issue costs booked in equity	**(199,946)**	-
Change in tax benefits not recognized and other	**839,133**	55,288
Income tax expense	**$ -**	$ -

b) The following table summarizes the components of deferred tax:

	2021	2020
Deferred income tax assets		
Lease liability	**$ 30,665**	$ -
Non-capital losses	**79,357**	10,732
	110,022	10,732
Deferred income tax liabilities		
Spaceport under construction and equipment	**(3,451)**	-
Long term debt	-	(9,078)
Unrealized foreign exchange gain	**-**	(1,654)
Right-of-use asset	**(27,113)**	-
Convertible debentures	**(79,458)**	-
Deferred tax liabilities	**(110,022)**	(10,732)
Net deferred income tax asset	**$ -**	$ -

13. Income Taxes (Continued)

c) Unrecognized deferred tax assets

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
Share issue costs	**$ 1,150,485**	$ -
Non-capital losses carried forward	**4,100,556**	2,356,075
	5,251,041	2,356,075

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and finance costs will be fully amortized in 2025.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the unused tax losses can be utilized.

The Company's Canadian non-capital losses, the benefit of which has not been recognized on the consolidated financial statements, expire as follows:

2037	$ 455,193
2038	853,867
2039	679,848
2040	136,230
2041	1,975,418
	$ 4,100,556

14. Related Party Balances and Transactions

(a) The Company has entered into the following transactions with related parties:

		2021		2020
Operating expenses				
Management fees				
Shareholders	**$**	**152,170**	$	-
Salaries				
Chief Executive Officer	**$**	**196,154**	$	-
Interest expense				
Shareholders	**$**	**17,972**	$	6,667

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

(b) At the end of the year, the balances with related parties are as follows:

		2021		2020
Due to related parties				
Shareholders	**$**	**-**	$	808,492

These balances are payable on demand are unsecured and non-interest bearing. Long-term debt (Note 9) and the outstanding warrants (Note 12) are also related party balances as at December 31, 2021.

On November 4, 2021, the Company settled liabilities due to two shareholders of $495,035 through the issuance of 660,046 common shares which were measured at their fair value of $0.75.

15. Capital Management

The Company has defined its capital as the aggregate of its long-term debt, convertible debentures, and shareholder's equity. The Company's objectives when managing capital are to:

(a) safeguard the Company's ability to continue as a going concern;

(b) maintain appropriate cash reserves on hand to support continued operations and shareholder returns, generate benefits for its other stakeholders, and maintain the most optimal capital structure possible with a view to keeping capital costs to a minimum; and

(c) invest cash on hand in highly-liquid, highly-rated financial instruments.

The Company's objectives and strategy described above have not changed since last year. These objectives and strategy are reviewed on a continuous basis.

Annual budgets are developed and monitored to ensure the Company's capital is maintained at an appropriate level. The Company monitors and assesses its financial performance in order to ensure that its net debt levels are prudent taking into account the anticipated direction of the business cycle.

16. Financial Instruments and Risk Management

Fair Value Measurements

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal, and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions, and maturities. Inputs used in determining fair value measurements are categorized into three different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quote prices in active markets for identified items;
Level 2: Observable direct and indirect inputs other than Level 1 inputs; and
Level 3: Unobservable inputs (i.e. not derived from market data).

The derivative liability (Note 10) represents a Level 3 fair value measurement. The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 2 and Level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value are set out below:

- Financial Instrument Valuation techniques used:
  - Barrier Option Model
- Significant unobservable inputs (Level 3 only):
  - Fair value of the Common Share
  - Probability of a Going Public Transaction
- Inter-relationship between key unobservable inputs and fair value (Level 3 only):
  - Increases in the fair value of the Common share would increase the fair value while increases in the probability of a Going Public Transaction would decrease the fair value.

The fair value of all other financial instruments approximate their carrying amounts due to the relatively short period to maturity.

16. Financial Instruments and Risk Management (Continued)

Risk Management

The Company is exposed through its operations to the following financial risks:

(a) Credit risk
(b) Liquidity risk
(c) Market risk
  (i) Foreign exchange risk
  (ii) Interest rate risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

16. Financial Instruments and Risk Management (Continued)

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to cash, restricted cash, short term investments, and trade and other receivables.

The Company mitigates its risk by maintaining its funds with large reputable financial institutions, from which management believes the risk of loss to be minimal. The Company's management considers that all the above financial assets are of good credit quality.

(b) Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities (Note 2). Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, due to shareholders, long-term debt, shares presented as liability and commitments. The Company limits its exposure to this risk by closely monitoring its cash flow.

The following table presents the contractual maturities of the financial liabilities as of:

December 31, 2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**
Accounts payable	**$ 806,101**	**$ -**	**$ -**	**$ -**	**$ -**
Convertible debentures	**7,500,000**	**-**	**-**	**-**	**-**
Subscription receipts payable	**3,942,923**	**-**	**-**	**-**	**-**
Lease liability	**30,674**	**30,906**	**33,462**	**33,462**	**30,674**
	$ 12,279,698	**$ 30,906**	**$ 33,462**	**$ 33,462**	**$ 30,674**

December 31, 2020	2021	2022	2023	2024	Thereafter
Accounts payable	$ 505,292	$ -	$ -	$ -	$ -
Due to shareholders	808,492	-	-	-	-
Shares presented as liability	295,342	-	-	-	-
Long-term debt	568,696	-	-	-	-
	$ 2,177,822	$ -	$ -	$ -	$ -

16. Financial Instruments and Risk Management (Continued)

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

(i) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

The Company has liabilities that are payable in U.S. dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the U.S. dollar against the Canadian dollar would affect the reported loss and comprehensive loss by approximately $1,924 (2020 - $25,600).

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of financial assets and liabilities or future cash flows will fluctuate as a result of changes in market interest rates.

The Company currently does not have any short-term or long-term debt that is variable interest bearing and, as such, the Company's current exposure to interest rate risk is minimal.

17. Commitments

The Company has entered into a contract (the "Contract") with a supplier for the design, development, and documentation of certain technical elements of its Spaceport, pursuant to which it is committed to incur total capital expenditures of EURO €6,900,000. As of December 31, 2021 and pursuant to the Contract, the Company has made total payments of EURO €1,300,000 and is required to make the remaining payments as follows:

Year-ended	**EURO €**
2022	5,600,000

Subsequent to December 31, 2021 and pursuant to the Contract, the Company has made payments of EURO €450,000. The Contract is with a supplier based in Dnipro, Ukraine.

18. Subsequent Events

(a) On November 5, 2021 and amended on January 22, 2022 and March 30, 2022, MLS entered into a binding letter agreement (the "Letter Agreement") with Jaguar Financial Corporation ("Jaguar") to complete a business combination by way of a transaction that will constitute a reverse takeover (the "Reverse Takeover") of Jaguar by MLS to be completed by way of the three-cornered amalgamation under the Companies Act of Nova Scotia.

Pursuant to the Letter Agreement and on December 30, 2021, MLS issued 5,256,025 subscription receipts (the "Subscription Receipts") for gross proceeds of $3,942,299. The Subscription Receipts issued on December 30, 2021 have been recorded as restricted cash and as subscription receipts payable, a current liability, in the consolidated statement of financial position as at December 31, 2021. Also pursuant to the Letter Agreement and on January 12, 2022, the Company issued 4,116,665 additional Subscription Receipts for gross proceeds of $3,087,499. In total, the Company issued 9,372,690 Subscription Receipts for aggregate gross proceeds of $7,029,518. The Subscription Receipts converted on a one for one basis into common shares of the Company immediately prior to the closing of the Reverse Takeover.

Pursuant to the issuance of the Subscription Receipts and immediately prior to the closing of the Reverse Takeover, the Company is obligated to pay $457,905 in cash finders fees and to issue 610,540 finders warrants (the "Finders Warrants") to certain finders. Each Finders Warrant entitles the holder to purchase one common share of the Company at a price of $0.75.

Immediately prior to the closing of the Reverse Takeover and after the conversion of the Subscription Receipts, as consideration for the acquisition, all of the outstanding shares of MLS were cancelled and replaced by 4.5 (the "Exchange Ratio") common shares of Jaguar. All outstanding stock options, warrants, and Finders Warrants of the Company were also cancelled and replaced pursuant to the Exchange Ratio, subject to certain customary adjustments.

The Reverse Takeover closed on April 1, 2022. Jaguar changed its name to Maritime Launch Services Inc. and 9,000,000 stock options (on a post reverse takeover basis) were issued to officers and directors. The Company has received conditional listing approval from NEO Exchange Inc.

(b) Subsequent to December 31, 2021 and prior to the closing of the Reverse Takeover (Note 18(a)), the Company granted 600,000 stock options to advisors of the Company.

(c) On March 29, 2022, the convertible debentures (Note 10) were amended to extend the maturity to May 7, 2023 and to reflect certain other customary adjustments in contemplation of the closing of the Reverse Takeover (Note 18(a)).

(d) Subsequent to December 31, 2021 and prior to the closing of the Reverse Takeover (Note 18(a)), the Company granted 14,000 warrants to advisors of the Company.

19. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the internal community as the virus spreads globally beyond its point of origin. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As of the date of this report, the Company initally experienced a disruption in its operations during the government mandated lockdown. Passenger flights were delayed and/or canceled, administrative staff were asked to work from home and supply chains were briefly disrupted. The Company will continue to actively monitor the impact of COVID-19 and may take further actions that alter business operations as may be required by government authorities, or that are determined to be in the best interest of the Company's employees, customers, suppliers and stakeholders. The full extent of the impact of COVID-19 on the Company's business, operations and financial results will depend on evolving factors that the Company cannot accurately predict.

Effective March 20, 2022, the State of Emergency in Nova Scotia, the location of the Spaceport, ended.