FRIDAY`S DOG HOLDINGS INC.

NOTICE OF SPECIAL MEETING

and

MANAGEMENT INFORMATION CIRCULAR

CONCERNING, AMONG OTHER THINGS

**THE SPIN-OUT OF SHARES OF FRIDAY`S DOG INC.
TO FRIDAY`S DOG HOLDINGS INC. SHAREHOLDERS BY WAY OF A PLAN OF ARRANGEMENT**

March 7, 2024

This management information circular is furnished in connection with the solicitation of proxies by the management of Friday`s Dog Holdings Inc. to be voted at a special meeting of shareholders to be held on April 12, 2024, at the time and place and for the purposes set out in the accompanying notice of meeting and at any adjournment thereof.

All information in this management information circular with respect to Friday's Dog Inc. was supplied by Friday's Dog Inc. for inclusion herein and Friday`s Dog Holdings Inc. and its Board of Directors and officers have relied on Friday's Dog Inc. with respect to such information.

Unless otherwise noted, all information in this management information circular is provided as of March 7, 2024, the record date for the special meeting.

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the plan or arrangement described in this management information circular.

No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this management information circular.

Friday`s Dog Holdings Inc.
710 – 1030 West Georgia Street
Vancouver, British Columbia
V6E 2Y3

Dear Shareholder,

In an effort to maximize value for its shareholders (the "**FDHI Shareholders**"), Friday`s Dog Holdings Inc. ("**FDHI**") seeks your approval for a capital reorganization of FDHI (the "**Spin-out**") to be undertaken by way of plan of arrangement pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") (the "**Plan of Arrangement**") whereby all of the outstanding common shares of FDHI ("**FDHI Shares**") will be cancelled and the current FDHI Shareholders will each receive:

- an equal number of shares in a new class of common shares of FDHI (the "**New Shares**"); and
- their pro-rata portion of the common shares ("**FDI Shares**") of Friday's Dog Inc. ("**FDI**") currently held by FDHI.

Following the completion of the Spin-Out:

- current FDHI Shareholders will be shareholders of FDI, which will continue its current dog-care product business;
- the Board of Directors of FDHI will consist of: Jeremy Ross, Anthony Paterson, Ali Sodagar, Dominic Stann, and Arthur Kwan;
- the officers of FDHI are expected to remain Jeremy Ross (Chief Executive Officer), Chelsea Rusche (President and Chief Operating Officer), Ryan Cheung (Chief Financial Officer and Corporate Secretary), and Ali Sodagar (Chairman); and
- the FDI Board of Directors will continue to consist of: Anthony Paterson, Chelsea Rusche and Jeremy Ross with Ali Sodagar, Dominic Stann and Arthur Kwan resigning. The officers of FDI will be Jeremy Ross (Chief Executive Officer), and Ryan Cheung (Chief Financial Officer and Corporate Secretary).

Completion of the Spin-Out is subject to a number of conditions, including but not limited to, approval of the FDHI Shareholders and cannot be completed unless the required approval of the FDHI Shareholders is obtained. Additional information regarding FDI can be found in the accompanying information circular of FDHI.

FDHI Shareholders will not be given the right to dissent in respect of the resolution to approve the Plan of Arrangement (the "**Arrangement Resolution**") and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA do not apply to either the Arrangement Resolution nor the Plan of Arrangement.

The Board of Directors of FDHI unanimously supports the Spin-Out on the basis that it is fair to and in the best interests of the FDHI Shareholders, and unanimously recommends that FDHI Shareholders approve the Spin-Out.

Your vote is very important, regardless of the number of FDHI Shares that you own. Whether or not you expect to attend the shareholder meeting in person, we encourage you to complete and deliver your form of proxy or voting instruction form, as applicable, as promptly as possible to ensure that your vote will be counted at the shareholder meeting.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Jeremy Ross"

Jeremy Ross
Chief Executive Officer and Director

FRIDAY`S DOG HOLDINGS INC.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an interim order of the Supreme Court of British Columbia dated March 11, 2024, a special meeting of the shareholders ("**FDHI Shareholders**") of Friday's Dog Holdings Inc. ("**FDHI**") will be held at 700 - 595 Burrard Street, Vancouver, British Columbia on April 12, 2024, at 11:00 a.m. (Vancouver time) for the following purposes:

1. to consider and, if thought advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**") in the form annexed as Schedule "A" to the accompanying management information circular dated March 7, 2024 (the "**Circular**"), approving a plan of arrangement (the "**Plan of Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia); and

2. to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof (the "**Meeting**").

Specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular.

The record date for determining the FDHI Shareholders entitled to receive notice of and vote at the Meeting is the close of business on March 7, 2024 (the "**Record Date**"). An FDHI Shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Registered FDHI Shareholders who are unable to attend the Meeting in person are requested to date, complete and sign the enclosed form of proxy and deliver it to Odyssey Trust Company (the "**Transfer Agent**") (i) by mail to 702 – 67 Yonge Street, Toronto, Ontario M5E 1J8; or (ii) online at https://vote.odysseytrust.com and entering the control number shown on the proxy. In order to be valid and acted upon at the Meeting, the form of proxy must be received by the Transfer Agent no later than 11:00 am (Vancouver time) on April 10, 2024 or deposited with the Chairman of the Meeting before the commencement of the Meeting, or any adjournment thereof.

If you are a beneficial FDHI Shareholder and not a registered FDHI Shareholder and have received these materials through the Transfer Agent., please complete and deliver the voting instruction form provided with these materials in accordance with the instructions provided therein.

If you are a beneficial FDHI Shareholder and not a registered FDHI Shareholder and have received these materials through your broker or through another intermediary, please complete and deliver the voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

The Board of Directors unanimously recommends that FDHI Shareholders vote FOR the Arrangement Resolution.

FDHI Shareholders are encouraged to review the accompanying Circular carefully before completing and delivering the form of proxy or voting instruction form, or before voting online or by telephone.

DATED at Vancouver, British Columbia
March 7, 2024

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Jeremy Ross"

Jeremy Ross
Chief Executive Officer and Director

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GLOSSARY OF TERMS

The following glossary of terms used in this Circular is provided for ease of reference. In this Circular, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

"Arrangement"	means the arrangement under Section 288 of the BCBCA on the terms and conditions set out in the Arrangement Agreement.
"Arrangement Agreement"	means the Arrangement Agreement relating to the Spin-Out dated March 1, 2024, between FDI and FDHI which is available on FDHI's SEDAR+ profile at www.sedarplus.ca and which is incorporated by reference herein.
"Arrangement Consideration"	means the New Share and the FDI Shares held by FDHI, to be issued and transferred, respectively, as consideration pursuant to the Arrangement.
"Arrangement Resolution"	means the resolution of FDHI Shareholders in the form attached as Schedule "A" to this Circular, approving the Spin-Out to be completed by way of the Plan of Arrangement, to be considered at the Meeting.
"Authorization"	means, with respect to any Person, any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity having jurisdiction over the Person.
"BCBCA"	means the *Business Corporations Act* (British Columbia).
"Canadian Securities Laws"	means the Securities Act, together with all other applicable securities laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada.
"Circular"	means this management information circular prepared in connection with the Meeting, including all schedules thereto.
"compensation securities"	includes, in respect of an issuer, stock options, convertible securities, exchangeable securities and similar instruments, including stock appreciation rights, deferred share units and restricted stock units, granted or issued by an issuer or any of its subsidiaries for services provided or to be provided, directly or indirectly, to the issuer or any of its subsidiaries.
"Court"	means the Supreme Court of British Columbia.
"Effective Date"	means the date the Arrangement becomes effective, as set out in the Arrangement Agreement.
"Effective Time"	means 12:01 a.m. (Vancouver time) on the Effective Date.
"Fairness Opinion"	means the fairness opinion of RwE in the form as set out at Schedule "L" to this Circular.

"Final Order"	means the final order of the Court pursuant to Section 291 of the BCBCA approving the Arrangement, after being informed of the intention to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act in connection with the issuance of the New Shares and FDI Shares under the Plan of Arrangement and after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended, modified, supplemented or varied by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
"FDHI"	means Friday's Dog Holdings Inc.
"FDHI Board"	means the board of directors of FDHI.
"FDHI Shares"	means common shares in the capital stock of FDHI.
"FDHI Shareholder Approval"	means approval of the Arrangement Resolution by the FDHI Shareholders at the Meeting.
"FDHI Shareholders"	means the holders of FDHI Shares.
"FDHI Warrants"	means the 9,276,000 common share purchase warrants which were exercisable for on FDHI Share for $1.00 per FDHI Share until February 25, 2024, which have all expired unexercised.
"FDI"	means Friday's Dog Inc.
"FDI Board"	means the board of directors of FDI.
"FDI Shareholders"	means the holders of FDI Shares.
"FDI Shares"	means common shares in the capital stock of FDI.
"Governmental Entity"	means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau or agency, domestic or foreign; (b) any stock exchange, including the TSXV; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.
"Interim Order"	means the interim order of the Court, approving the Arrangement, after being informed of the intention to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act in connection with the issuance of the New Shares and FDI Shares under the Plan of Arrangement, as the same may be amended, in respect of the Arrangement, and made pursuant to the BCBCA, providing for, among other things, the calling and holding of the Meeting, as the same may be amended, modified, supplemented or varied by the Court. A copy is appended to this Circular at Schedule "M" hereto.

"Law"	means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and, for greater certainty, includes Canadian Securities Laws.
"Meeting"	means the special meeting of FDHI Shareholders to be held on April 12, 2024 at 11:00 a.m. (Vancouver time) at 700 - 595 Burrard Street, Vancouver, British Columbia and any adjournment or postponement thereof.
"NEO"	means each of the following individuals: (a) a CEO; (b) a CFO; (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* under National Instrument 51-102 – *Continuous Disclosure Obligations*, for that financial year; and each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.
"New Shares"	means a new class of common shares in the capital of FDHI, created pursuant to the Plan of Arrangement, with the rights, privileges, restrictions and conditions set out in the Plan of Arrangement.
"NI 54-101"	means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.
"Parties"	means FDHI, and FDI and "Party" means any one of them, as the context requires.
"Person"	includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.
"Plan of Arrangement"	means the plan of arrangement of the FDHI Shareholders, in the form as set out at Schedule "B" of this Circular, and any amendments or variations thereto made in accordance with the Arrangement Agreement and the Plan of Arrangement or upon the direction of the Court in the Final Order.
"Pro-Rata Percentage"	means, with respect to each FDHI Shareholder, the percentage determined by dividing the number of FDHI Shares held by such FDHI Shareholder immediately prior to the Effective Time by the total number of FDHI Shares held by all FDHI Shareholders immediately prior to the Effective Time.
"Record Date"	means March 7, 2024.

"Regulatory Approvals"	means any approval of a Governmental Entity required for completion of the Transaction, but excluding the Interim Order and the Final Order.
"Response"	has the meaning ascribed thereto in "Part II – *Matters to be Acted Upon at the Meeting – Court Approval of the Arrangement*" of this Circular.
"RwE"	means RwE Growth Partners, Inc., independent financial advisor to the FDHI Board.
"Securities Act"	means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder.
"Spin-Out"	means the capital reorganization of FDHI to be undertaken pursuant to the Plan of Arrangement under which the current FDHI Shareholders will each receive New Shares, and FDI Shares.
"Stock Option"	means the stock options granted by FDHI pursuant to the pursuant to the Stock Option Plan.
"Stock Option Plan"	means the current rolling stock option plan of FDHI.
"Subsidiary"	has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus Exemptions*.
"Tax Act"	means the *Income Tax Act* (Canada), as amended.
"TSXV"	means the TSX Venture Exchange.
"Transaction"	means the Arrangement pursuant to the terms of the Arrangement Agreement and any transaction, ancillary to or associated with it.
"Transfer Agent"	means Odyssey Trust Company.
"U.S. Securities Act"	means the United States Securities Act of 1933, as amended.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Circular may constitute forward-looking information under the meaning of applicable securities laws, which are based on the opinions, estimates and assumptions of the management of FDHI, and FDI, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Forward-looking information may include views related to the completion of the Transaction, the perceived benefits of the Transaction, the timing of the Transaction, the satisfaction of conditions to the completion of the Transaction and the listing of the New Shares issued in connection with the Transaction, the objectives, business plans and strategies of the Parties, the financial and industry conditions, future capital expenditures of the Parties, including timing, amount and nature thereof and sources of financing, pro forma information of FDHI after closing of the Spin-Out, projection of capital markets, market prices and costs, supply and demand of the Parties' products, relevant governmental regulatory regimes, realization of anticipated benefits of the Transaction, movements in currency exchange rates, forecasted business results, anticipated financial performance, and other expectations of FDHI and FDI and are often, but not always, identified by the use of words such as "aim", "anticipate", "believe", "budget", "continue", "could", "estimate", "expect", "forecast", "foresee", "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "strive", "targeting", "will" and similar words suggesting future outcomes or statements regarding an outlook.

Such statements reflect the current views of the management of FDHI and FDI, as the case may be, with respect to future events and, are based on information currently available to FDHI or FDI, as the case may be, and are subject to certain risks, uncertainties and assumptions, including those discussed below. Many factors could cause the actual results, performance or achievements of FDHI or FDI to differ materially from any future results, performance or achievements that may be expressed or implied by such forward-looking information. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

These risks and uncertainties include, but are not limited to, possible failure to complete the Transaction, potential liabilities associated with the Transaction, employment retention and relations, the satisfaction of the closing conditions in accordance with the Arrangement Agreement, the anticipated Effective Date of the Transaction, the absence of any event, change or other circumstances that could give rise to the termination of the Arrangement Agreement, the delay in or increase in cost of completing the Transaction or the failure to complete the Transaction for any other reason and the risks described under "*Part II – Matters to be Acted Upon at the Meeting – Risk Factors Relating to the Transaction*", "*Part III – Information Concerning FDHI – Risk Factors*", "*Part IV – Information Concerning FDHI Post-Arrangement – Risk Factors*", and *"Part V – Information Concerning FDI – Risk Factors*" in this Circular.

Although the forward-looking information contained in this Circular is based upon what FDHI and FDI, as the case may be, believe are reasonable assumptions, FDHI Shareholders are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. The assumptions made in preparing the forward-looking information may include the assumptions that the conditions to complete the Spin-Out will be satisfied, that the Spin-Out will be completed within the expected time frame at the expected cost and that FDHI will not fail to complete the Spin-Out for any other reason including but not limited to the matters discussed under the Sections "*Part II – Matters to be Acted Upon at the Meeting – Risk Factors Relating to the Transaction*" and "*Part III – Information Concerning FDHI – Risk Factors*", "*Part IV – Information Concerning FDHI Post - Arrangement - Risk Factors*" and "*Part V – Information Concerning FDI – Risk Factors*".

These factors should be considered carefully, and the reader should not place undue reliance on the forward-looking information. Forward-looking information is made as of the date of this Circular, and FDHI does not intend, and does not assume any obligation, to update or revise forward-looking information, except as may be required under applicable laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

MARKET AND INDUSTRY DATA

This Circular includes market and industry data that has been obtained from third-party sources, including industry publications, as well as industry data prepared by management of FDHI and FDI on the basis of their knowledge of and experience in the mining and dog care products industry (including management's estimates and assumptions relating to such industry based on that knowledge). The knowledge of management of FDHI and FDI of such industries has been developed through their respective experience and participation in such industries. Although management of FDHI and FDI believe such information to be reliable, neither FDHI nor FDI, nor their respective management, has independently verified any of the data from third-party sources referred to in this Circular or ascertained the underlying economic assumptions relied upon by such sources. References in this Circular to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Circular.

NOTE TO UNITED STATES SHAREHOLDERS

THE NEW SHARES AND FDI SHARES TO BE ISSUED AND TRANSFERRED, RESPECTIVELY, TO FDHI SHAREHOLDERS PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The New Shares, and FDI Shares to be issued and transferred, respectively, to FDHI Shareholders pursuant to the Spin-Out described in this Circular have not been registered under the U.S. Securities Act, or any state securities laws and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act and corresponding exemptions under the securities laws of each state of the United States in which U.S. shareholders are domiciled. Section 3(a)(10) of the U.S. Securities Act exempts from registration the offer and sale of a security that is issued in exchange for outstanding securities and other property where, among other things, the fairness of the terms and conditions of such exchange are approved after a hearing upon the fairness of such terms and conditions at which all Persons to whom it is proposed to issue securities in such exchange have the right to appear by a court or governmental authority expressly authorized by law to grant such approval and to hold such a hearing.

As a result, the New Shares and FDI Shares to be received by FDHI Shareholders pursuant to the Arrangement will be freely transferable under U.S. federal securities laws except by Persons who are "affiliates" (as defined in Rule 405 of the U.S. Securities Act) of FDHI or FDI, as applicable, after the Effective Date or were "affiliates" of FDHI or FDI, as applicable, within 90 days prior to the date of any proposed resale. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such New Shares or FDI Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of section 14(a) of the United States Securities Exchange Act of 1934, as amended. Accordingly, the solicitations and transaction contemplated in this Circular are made in the United States for securities of Canadian issuers in accordance with Canadian corporate and securities laws, and this Circular has been prepared in accordance with disclosure requirements applicable in Canada. FDHI Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the United States Securities Act of 1933, as amended, and to proxy statements under the United States Securities Exchange Act of 1934, as amended. The securities to be issued to FDHI Shareholders in the United States pursuant to the Spin-Out will not be listed for trading on any United States stock exchange. The financial statements and historical financial information included in this Circular have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, and thus are not comparable in all respects to financial statements of United States companies.

This Circular has been prepared in accordance with the requirements of Canadian Securities Laws, which differ from the requirements of United States securities laws.

FDHI Shareholders who are not Canadian taxpayers are advised to consult their own tax advisers to determine the particular tax consequences to them of the Plan of Arrangement. There may be material tax consequences to FDHI Shareholders as a result of the Spin-Out. Neither FDHI nor FDI give any opinion or make any representation with respect to the U.S. tax consequences to the Spin-Out. ***For a general discussion of the principal Canadian federal income tax considerations, see "Part II – Matters to be Acted Upon at the Meeting – Federal Income Tax Considerations Relating to the Plan of Arrangement – FDHI Shareholders Not Resident in Canada".***

The enforcement by FDHI Shareholders of civil liabilities under United States securities laws may be affected adversely by the fact that FDHI and FDI are organized under the laws of a jurisdiction other than the United States, that the majority of their respective officers and directors are residents of countries other than the United States, and that the assets of FDHI and FDI and such Persons are located for the most part outside of the United States.

NOTICE REGARDING INFORMATION

The information contained in this Circular is given as at March 7, 2024, except where otherwise noted. No Person has been authorized to give any information or to make any representation in connection with the Transaction and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by FDHI.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any Person in any jurisdiction in which such solicitation or offer is not authorized or in which the Person making such solicitation or offer is not qualified to do so or to any Person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and FDHI Shareholders are urged to consult their own professional advisors in connection therewith.

The description in this Circular of the terms of the Arrangement Agreement is a summary of the terms of that document and qualified in their entirety by reference to the full text of that document. FDHI Shareholders should refer to the full text of the Arrangement Agreement for complete details of this document. The full text of the Arrangement Agreement is available on FDHI's SEDAR+ profile at www.sedarplus.ca and is incorporated by reference herein. The Plan of Arrangement is appended as Schedule "B" to this Circular.

SUMMARY OF CIRCULAR

The following is a summary of information relating to FDHI and FDI (assuming completion of the Plan of Arrangement including the Spin-Out where indicated) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular. This summary is provided for convenience of reference only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Circular and the Schedules annexed hereto, which information is specifically incorporated by reference into and forms an integral part of this Circular. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and capitalized terms used in this Circular and in this summary. Copies of this Circular and the Meeting materials may also be found under FDHI's profile on SEDAR+ at www.sedarplus.ca.

The Meeting

The Meeting will be held at 700 - 595 Burrard Street, Vancouver, British Columbia on April 12, 2024, at 11:00 a.m. (Vancouver time) for the purpose of (i) seeking approval of the Arrangement Resolution, and (ii) transacting such further or other business as may properly come before the Meeting.

In order for the Spin-Out to be approved, the Arrangement Resolution must be passed by not less than two-thirds of the votes cast at the Meeting by FDHI Shareholders. The Spin-Out will be completed as long as the Arrangement Resolution is passed by the requisite majority of FDHI Shareholders.

The Board of Directors unanimously recommends that FDHI Shareholders vote FOR the Arrangement Resolution

Parties to the Transaction

Friday`s Dog Holdings Inc.

FDHI was incorporated on February 27, 1987 under the provisions of the BCBCA under the name "Pierce Mountain Resources Ltd." On December 3, 1991, FDHI changed its name to "Portal Resources Ltd." and on December 7, 1994, FDHI changed its name to "Capella Resources Ltd." On May 15, 2012, FDHI changed its name to "Cerro Mining Corp." On February 25, 2022, FDHI underwent a reverse take-over by FDI and changed its name to its current name. FDHI is listed on the TSXV under the trading symbol "FRDY".

The head office of FDHI is located at 710 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

As at the date of this Circular, there are 84,069,352 FDHI Shares.

Additional information regarding FDHI can be found in "*Part III – Information Concerning FDHI*" of this Circular.

Friday's Dog Inc.

FDI is a private company formed by the amalgamation of the former Friday's Dog Inc. and BC1308821 B.C. Ltd. pursuant to the BCBCA on February 25, 2022. FDI is not listed on any exchange in Canada or elsewhere.

The head office of FDI is located at 710 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

As at the date of this Circular, there are 43,923,424 FDI Shares issued and outstanding. FDHI currently owns 43,923,424 FDI Shares, being 100% of the issued and outstanding FDI Shares. FDI is a wholly-owned Subsidiary of FDHI.

Additional information regarding FDI can be found in "*Part V – Information Concerning FDI*" of this Circular.

Proposed Spin-Out

The following description of the Spin-Out, which is being effected pursuant to the Plan of Arrangement, is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is appended as Schedule "B" to this Circular.

Pursuant to the Arrangement Agreement, FDHI has agreed to complete the Spin-Out by way of the Plan of Arrangement. The purpose of the Plan of Arrangement is to reorganize the capital of FDHI and to spin-out the FDI Shares held by FDHI to FDHI Shareholders. Pursuant to the Plan of Arrangement, FDHI will create the New Shares, following which FDHI Shareholders will transfer all of the current outstanding FDHI Shares to FDHI for cancellation. In exchange, each FDHI Shareholder will receive: (a) that FDHI Shareholder's Pro-Rata Percentage of the FDI Shares currently held by FDHI; and (b) a number of New Shares equal to the FDHI Shares previously held by that FDHI Shareholder. See "*Part II – Matters to be Acted Upon at the Meeting – Delivery of Share Certificate"*. Following closing of the Plan of Arrangement, the FDHI Board may change FDHI's name to such other name it determines to be appropriate.

Completion of the Spin-Out is subject to a number of conditions set out in the Arrangement Agreement, including approval of the Arrangement Resolution by the FDHI Shareholders. In order to complete the Spin-Out, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast at the Meeting in person or by proxy by the FDHI Shareholders.

Following the completion of the Spin-Out, FDHI Shareholders will hold their Pro-Rata Percentage of FDI Shares currently held by FDHI and one New Share for each FDHI Share held. In the aggregate, FDHI Shareholders will hold, following completion of the Plan of Arrangement 100% of the issued and outstanding FDI Shares, subject to any additional financings that FDI may undertake between the date of this Circular and the completion of the Plan of Arrangement. For further description of FDI and its business and the FDI Shares, please see "*Part V – Information Concerning FDI*".

While the FDHI Board is considering options for the FDI Shares to be listed on another exchange or quote the FDI Shares for trading on an electronic quotation service, it is not anticipated that the FDI Shares will be listed on the TSXV following closing of the Spin-Out. Following the Arrangement, FDI will become a reporting issue in the Provinces of British Columbia, Alberta and Saskatchewan.

See "*Part II – Matters to be Acted Upon at the Meeting – Summary of the Spin-Out*" for additional information regarding the proposed Spin-Out.

Available Funds

Type of Funds	**Amount**
Estimated consolidated working capital of FDHI as at February 29, 2024	$5,343,312
Total	$5,343,312

Principal Purposes

Following closing of the Arrangement, the funds available to FDHI are estimated at $5,343,312. The following budgeted amounts are estimates of the principal purposes to which these available funds of FDHI will be applied:

Principal Purpose	**Amount**
Cash and cash equivalents	$5,028,867
Receivable	$137,527
Marketable securities	$72
Inventories	$750,269
Prepaid expenses	$14,689
Accounts payable and accrued liabilities	$588,11
General working capital	$5,343,312
Total	$5,343,312

FDHI will spend the funds available to it after completion of the Spin-Out to carry out its business objectives. For more information, see "*Part IV – Information Concerning FDHI Post-Arrangement – Narrative Description of the Business*". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Stock Exchange Listing and Approval

FDHI is listed on the TSXV, where the FDHI Shares trade under the symbol "FRDY". See "*Part III - Information Concerning FDHI – Prior Sales – Stock Exchange Price*".

Closing of the Transaction is conditional upon the listing of the New Shares issued on the completion of the Transaction on the TSXV. FDHI has applied to the TSXV for approval of the Transaction and for the listing of New Shares on the TSXV issued upon completion of the Transaction.

The TSXV has provided conditional approval of the Transaction described in this Circular and the listing of the New Shares.

Market Price

FDHI first announced the Transaction by way of press release on March 4, 2024. The last trading price of the FDHI Shares on the TSXV prior to such public announcement was $0.12. The closing trading price of the FDHI Shares on the TSXV on the date of this Circular, was $0.065.

FDI is not currently listed on a stock exchange and there is no market for its securities. While the FDHI Board is considering options for the FDI Shares to be listed on another exchange or quote the FDI Shares for trading on an electronic quotation service, it is not anticipated that the FDI Shares will be listed on the TSXV following closing of the Spin-Out. Upon completion of the Spin-Out, FDI will become a reporting issuer in the Provinces of British Columbia, Alberta and Saskatchewan.

Interests of Insiders, Promoters or Control Persons

The directors, promoters and executive officers of FDHI currently hold directly or indirectly 7,770,795 FDHI Shares, representing approximately 9.24% of all of the issued and outstanding FDHI Shares. No insider, promoter or control person of FDHI and no associate or affiliate of the same, has any interest in the Spin-Out other than (i) which arises from their holdings of FDHI Shares, and (ii) their respective anticipated position with FDHI and FDI following the Spin-Out.

Following the Spin-Out, it is currently anticipated that the current directors of FDHI will remain as directors of FDHI and that of the current directors of FDI, only Jeremy Ross, Anthony Paterson and Chelsea Rusche will remain as directors of FDI. See "*Part IV – Information Concerning FDHI Post-Arrangement – Directors, Officers and Promoters"* and *"Part V – Information Concerning FDI – Directors, Officers and Promoters*".

Conflicts of Interest

Some of the directors and officers of FDHI are also directors, officers and/or promoters of other reporting and non-reporting issuers, including those engaged in various industries. As a result, potential conflicts of interest may arise.

Certain proposed directors and officers of FDHI currently, or may in the future, act as directors or officers of other companies and, consequently, it is possible that a conflict may arise between their duties as a director or officer of FDHI and their duties as a director or officer of any other such company. There is no guarantee that while performing their duties for FDHI, the directors or officers of FDHI will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favor of FDHI. See "*Part V – Information Concerning FDHI Post-Arrangement – Directors, Officers and Promoters – Conflicts of Interest*."

Interest of Experts and Consultants

No Person or company who is named as having prepared or certified a part of the Circular or prepared or certified a report or valuation described or included in the Circular has, or will have upon completion of the Transaction, any direct or indirect interest in FDHI or FDI. See "*Part VI – General Matters - Experts*" of this Circular.

Risk Factors

Investment in the securities of FDHI and FDI involves a high degree of risk and should be regarded as speculative due to the nature of the respective business of each of FDHI and FDI, which is discussed in "*Part IV – Information Concerning FDHI Post-Arrangement*" and "*Part V – Information Concerning FDI*". Prior to making an investment in the securities of FDHI and FDI, prospective investors should carefully consider the information described in this Circular, including the risk factors set out below, and with respect to FDHI, and FDI in Sections "*Part II – Matters to* *be Acted Upon at the Meeting – Risk Factors Relating to the Transaction*" and "*Part III – Information Concerning FDHI – Risk Factors", "Part V – Information Concerning FDHI Post-Arrangement – Risk Factors*" and "*Part V – Information Concerning FDI – Risk Factors*". Such risk factors could have a material adverse effect on, among other things, the operating results, earnings, properties, business and condition (financial or otherwise) of FDHI and FDI.

The Board of Directors unanimously recommends that FDHI Shareholders vote FOR the Arrangement Resolution.

PART I – GENERAL INFORMATION IN RESPECT OF THE MEETING

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by management of FDHI of proxies to be used at the Meeting to be held at the time and place and at any adjournments thereof for the purposes set out in the Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally, electronically or by telephone by directors, officers, employees or consultants of FDHI. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of FDHI Shares pursuant to the requirements of NI 54-101.

The Canadian securities regulators have adopted new rules under NI 54-101, which permit the use of notice-and access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related management's discussion and analysis, on a website in addition to SEDAR+. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the materials can be requested at any time during this period. FDHI is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficia owners of FDHI Shares in connection with the Meeting.

FDHI may reimburse FDHI Shareholder' nominees or intermediaries (including brokers o their agents holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. The cost of any such solicitation will be borne by FDHI. Unless otherwise stated, the information contained in this Circular is given as of March 7, 2024**.**

Appointment of Proxyholders and Completion and Revocation of Proxies

The purpose of a proxy is to designate individuals who will vote the proxy on a FDHI Shareholder's behalf in accordance with the instructions given by the FDHI Shareholder in the proxy. The individuals named in the enclosed proxy (the "**Management Designees**") have been selected by the directors of FDHI.

A FDHI Shareholder has the right to designate an individual (who need not be a FDHI Shareholder), other than the Management Designees to represent the FDHI Shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the individual to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of FDHI. Such FDHI Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxyholder and attend the Meeting, and provide instructions on how the FDHI Shareholder's FDHI Shares are to be voted, The nominee should bring personal identification with them to the Meeting.

To be valid, the proxy must be dated and executed by the FDHI Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to FDHI's registrar and transfer agent, Odyssey Trust Company, by mail to 702 – 67 Yonge Street, Toronto, Ontario, M5E 1J8, by fax to 1-800-517-4553, or online at https://vote.odysseytrust.com and entering the control number shown on your proxy, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman's discretion, but the Chairman is under no obligation to accept late proxies.

Any registered FDHI Shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a registered FDHI Shareholder personally attending at the Meeting and voting their FDHI Shares. A FDHI Shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered FDHI Shareholder or by their authorized attorney in writing, or, if the FDHI Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of FDHI's registrar and transfer agent at the foregoing address or the head office of FDHI, at 710 – 1030 West Georgia Street, Vancouver, BC V6E 2Y3, at any time up to and including the last business day proceeding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. **Only registered FDHI Shareholders have the right to revoke a proxy. Non-registered FDHI Shareholders who wish to change their vote must, at least seven days before the meeting, arrange for their respective nominees to revoke the proxy on their behalf.**

Voting of Shares and Exercise of Discretion of Proxies

Voting at the Meeting will be a show of hands, each registered FDHI Shareholder and each proxyholder (representing a registered or unregistered FDHI Shareholder) having one vote, unless a poll is required or requested, whereupon each such FDHI Shareholder and proxyholder is entitled to vote for each FDHI Share held or represented, respectively. Each FDHI Shareholder may instruct their proxyholder how to vote their FDHI Shares by completing the blanks on the proxy. All FDHI Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the FDHI Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

The enclosed proxy confers discretionary authority upon the Management Designees, or other individual named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, FDHI is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgement is in the best interests of FDHI.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "**ordinary resolution**"), unless the motion requires a "**special resolution**" in which case a majority of 66 2/3% of the votes cast will be required.

Beneficial Holders of FDHI Shares

Only registered FDHI Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most FDHI Shareholders are "non-registered" or "beneficial" FDHI Shareholders because the FDHI Shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the FDHI Shares. More particularly, a Person is not a registered FDHI Shareholder in respect of FDHI Shares which are held on behalf of that Person (the "**Beneficial Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Beneficial Holder deals with in respect of the FDHI Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, FDHI has distributed copies of the Notice of Meeting, the Circular and Proxy (collectively, the "**Meeting Materials**") directly, and to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. If you are a non-registered owner, and FDHI or its agent has sent these materials directly to you, your name and address and information about your holders of securities, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

(a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature). which is restricted as to the number of FDHI Shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Transfer Agent; or**

(b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**proxy authorization form**" which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purposes of this procedure is to permit Beneficial Holders to direct the voting of the FDHI Shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Designees named in the form and insert the Beneficial Holder's name in the blank space provided. **In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

Voting Shares

As at March 7, 2024, there are 84,069,352 FDHI Shares outstanding. Each FDHI Share entitles the holder thereof to one vote. FDHI has fixed the close of business on March 7, 2024 as the record date (the "**Record Date**") for the purpose of determining FDHI Shareholders entitled to receive notice of, and vote at, the Meeting. All such holders of record of FDHI Shares on the Record Date are entitled either to attend and vote thereat in person the FDHI Shares held by them or, provided a completed and executed proxy shall have been delivered to the Transfer Agent, within the time specified in the attached Notice of Meeting, to attend and to vote by proxy the FDHI Shares held by them. At the Meeting, on a show of hands, every FDHI Shareholder present in person has one vote and, on a poll, every FDHI Shareholder has one vote for each FDHI Share of which he is the holder.

Quorum and Votes Necessary to Pass Resolution

Under FDHI's articles, the quorum for the transaction of business at the Meeting consists of one individual or more individuals present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the Meeting. The Arrangement Resolution requires the approval of not less than two-thirds of the votes cast.

The Board of Directors unanimously recommends that FDHI Shareholders vote FOR the Arrangement Resolution.

Principal Holders of Shares

As at March 7, 2024, to the knowledge of FDHI, no Person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding FDHI Shares.

Risk Factors

Investment in the securities of FDHI and FDI involves a high degree of risk and should be regarded as speculative due to the nature of the respective business of each of FDHI and FDI, which is discussed in "*Part V – Information Concerning FDHI Post-Arrangement*" and "*Part V – Information Concerning FDI*". Prior to making an investment in the securities of FDHI and FDI, prospective investors should carefully consider the information described in this Circular, including the risk factors set out below, and with respect to FDHI and FDI in "*Part III – Information Concerning FDHI - Risk Factors*", "*Part IV – Information Concerning FDHI Post-Arrangement – Risk Factors*", and "*Part V – Information Concerning FDI - Risk Factors*", respectively. Such risk factors could have a material adverse effect on, among other things, the operating results, earnings, properties, business and condition (financial or otherwise) of FDHI and FDI.

Risks relating to the Transaction

Possible Failure to Complete the Transaction.

The Transaction is subject to normal commercial risk that the Transaction may not be completed on the terms negotiated or at all and completion of the Transaction is subject to customary conditions. Completion of the Transaction requires the satisfaction or waiver of certain conditions to complete the Transaction, including the approval of the Transaction by FDHI Shareholders, the Court, and the TSXV. Approval of the Plan of Arrangement by FDHI Shareholders, the TSXV and the Court, is not in the control of the Parties.

Potential Liabilities Associated with the Transaction.

Although we have conducted due diligence with respect to FDI, there is no certainty that our due diligence procedures have revealed all of the risks and liabilities associated with the Spin-Out. FDI has provided certain representations in the Arrangement Agreement with respect to FDI but those representations are limited by the knowledge of the Persons giving such representations. Risks and liabilities associated with the Spin-Out may be unknown and accordingly the potential monetary cost of any such liability is also unknown.

Risks related to the New Shares

The New Shares will be Publicly Traded and are Subject to Various Factors that may make the Price of the New Shares Volatile

The market price of the New Shares could fluctuate significantly, in which case it may not be possible to re-sell the New Shares at or above the price of the FDHI Shares today or the price of the New Shares upon the completion of the Transaction. The market price of the New Shares may fluctuate based on a number of factors in addition to those listed in the Circular, including:

- FDHI's operating performance and the performance of competitors and other similar companies;
- the market's reaction to the Transaction, to FDHI's press releases and other public announcements and to FDHI's filings with the various securities regulatory authorities;
- changes in recommendations by research analysts who may cover the New Shares;
- changes in general economic conditions;
- the number of the New Shares outstanding;
- the arrival or departure of key personnel; and
- acquisitions, strategic alliances or joint ventures involving FDHI or its competitors.

In addition, the market price of the New Shares is affected by many variables not directly related to FDHI's success and not within FDHI's control, including developments that affect their industry as a whole, the breadth of the public market for the New Shares, and the attractiveness of alternative investments. In addition, securities markets have experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, FDHI's share price may be volatile in the future and may decline below the price of the FDHI Shares today. Accordingly, investors may not be able to sell New Shares at or above the price of the FDHI Shares today.

Use of proceeds

FDHI currently intends to allocate its available funds proceeds as described in the "*Part III – Information Concerning FDHI – Available Funds and Principal Purposes*" section of this Circular. However, FDHI will have broad discretion in the actual application of such funds, and may elect to allocate proceeds differently from that described in the "*Part IV – Information Concerning FDHI Post-Arrangement - Available Funds and Principal Purposes*" section if it believes it would be in its best interests to do so as circumstances change. You may not agree with how FDHI allocates or spends its available funds. The failure by FDHI to apply and use its funds effectively could have a material adverse effect on FDHI's business, financial condition and results of operations.

Potential Dilution

To further the activities of FDHI, it will require additional funds and it is likely that, to obtain the necessary funds, FDHI will have to sell additional securities including, but not limited to, New Shares or some form of convertible securities, the effect of which could result in a substantial dilution of the present equity interests of FDHI's shareholders.

Dividend Risk

FDHI has not paid dividends in the past on the FDHI Shares and does not currently anticipate paying dividends in the near future on the New Shares. FDHI expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Public Health Crises such as COVID-19 Pandemic and other Uninsurable Risks

Events in the financial markets in recent years have demonstrated that businesses and industries throughout the world are very tightly connected to each other. General global economic conditions seemingly unrelated to FDHI or the mining industry, including, without limitation, interest rates, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, or other events outside of FDHI's control may affect the activities of FDHI directly or indirectly. FDHI's business, operations and financial condition could also be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. For example, in late December 2019, COVID-19 originated, subsequently spread worldwide and on March 11, 2020, the World Health Organization declared it was a pandemic. The risks of public health crises such as the COVID-19 pandemic to FDHI's business include without limitation, the ability to gain access to government officials, the ability to raise funds, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, disruption of supply chains and other factors that will depend on future developments beyond FDHI's control. In particular, the continued spread of the coronavirus globally, prolonged restrictive measures put in place in order to control an outbreak of COVID-19 by Canadian and United States governments or other adverse public health developments could materially and adversely impact FDHI's business and could materially slow down or FDHI could be required to suspend its operations for an indeterminate period. There can be no assurance that FDHI's personnel will not ultimately see its workforce productivity reduced or that FDHI will not incur increased medical costs or insurance premiums as a result of these health risks. In addition, the coronavirus pandemic or the fear thereof could adversely affect global economies and financial markets resulting in volatility or an economic downturn that could have an adverse effect on demand and FDHI's future prospects.

Pandemics such as COVID-19 could have a material adverse impact on capital markets and FDHI's ability to raise sufficient funds to finance the ongoing development of its material business. All of these factors could have a material and adverse effect on FDHI's business, financial condition and results of operations. The extent to which a pandemic such as COVID-19 impacts FDHI's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat such an outbreak. It is not always possible to fully insure against such risks, and FDHI may decide not to insure such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the New Shares. Even after a pandemic like COVID-19 is over, FDHI may continue to experience material adverse effects to its business, financial condition and prospects as a result of the continued disruption in the global economy and any resulting recession, the effects of which may persist beyond that time. The COVID-19 pandemic may also have the effect of heightening other risks and uncertainties disclosed and described in this Circular.

Risks related to the FDI Shares

FDI Shares Will Not be Listed on an Exchange

The FDI Shares are not listed on any stock exchange and there is currently no market through which the FDI Shares may be sold and purchasers may not be able to resell the FDI Shares acquired pursuant to the Plan of Arrangement. Even thought FDI will become a reporting issuer in the Provinces of British Columbia, Alberta and Saskatchewan following the completion of the Spin-Out, FDI does not intend to immediately apply to list the FDI Shares on any exchange. This may affect the pricing of the FDI Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the FDI Shares. You may never be able to sell the FDI Shares.

PART II – MATTERS TO BE ACTED UPON AT THE MEETING

Background to The Spin-Out

The execution of the Arrangement Agreement, which contemplates the Spin-Out, was the result of the completion of a strategic review by the FDHI Board. The following is a summary of the material events which led to the negotiations of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the parties that preceded the execution and public announcement of the Arrangement Agreement.

The FDHI Board and senior management of FDHI regularly consider and investigate opportunities to enhance value for FDHI Shareholders. Those opportunities have included the possibility of strategic transactions with various industry participants.

In considering and investigating opportunities, the FDHI Board and senior management of FDHI observed that: (i) spinning out FDI will allow FDHI Shareholders to retain their interest in the current business of FDI while also allowing FDI to develop to its full potential realisable value as a separate reporting issuer not listed on an exchange which would help reduce operating costs and expenses; (ii) completing the Arrangement will present FDHI Shareholders with the most value by reducing the overhead, costs and ongoing liabilities of operating the FDI business and allow FDHI to preserve capital for other business opportunities in various industries while also having its listing transferred to the NEX Board which would further reduce ongoing costs and maintenance; (iii) FDI, following the Spin-Out, will be a reporting issuer; and (iv) FDHI Shareholders will continue to benefit from public company oversight from the securities commissions.

On November 16, 2022, the FDHI Board formed a special committee (the "**Special Committee**") to consider the 2023 Spin-Out and the 2023 American Lithium Arrangement. For more information regarding the 2023 Spin-Out and the 2023 American Lithium Arrangement, see "*Part V – Information about FDI – General Development of the Business – History*" and "*Part III – Information about FDHI – General Development of The Business - History*", respectively.

On December 18, 2022, the Special Committee engaged RwE as financial advisors for the preparation of a fairness opinion (the "**2023 Fairness Opinion**") with respect to the 2023 Spin-Out and 2023 American Lithium Arrangement to consider the fairness of such transactions to the FDHI Shareholders.

Between December 2022 to June 2023, legal counsel to FDHI and American Lithium Corp. prepared, negotiated and finalised drafts and negotiated the final terms of the 2023 Arrangement Agreement and 2023 American Lithium Arrangement Agreement (collectively, the 2023 Arrangement Agreement and 2023 American Lithium Arrangement Agreement, referred to as the "**2023 Arrangement Agreements**"). For more information regarding the 2023 Arrangement Agreements, see "*Part V – Information about FDI – General Development of the Business – History*" and "*Part III – Information about FDHI – General Development of The Business - History*", respectively.

On June 6, 2023, the FDHI Board and the Special Committee resolved by written consent, after conferring with RwE; reviewing the 2023 Fairness Opinion, and draft copies of the 2023 Arrangement Agreements; reviewing and considering legal advice, that the proposed 2023 Spin-Out and the 2023 American Lithium Arrangement were fair, from a financial standpoint, to the FDHI Shareholders.

On June 6, 2023, the 2023 Arrangement Agreements were executed and delivered by FDHI, FDI and American Lithium Corp. and certain others, following approval by the FDHI Board. A press release announcing the 2023 Spin-Out and 2023 American Lithium Arrangement Agreement was issued by FDHI on June 7, 2023.

On July 17, 2023, due to market conditions for new listings and the concurrent financing in connection with the 2023 American Lithium Arrangement, the FDHI Board resolved to terminate the 2023 Arrangement Agreements and as a result, FDHI, FDI and American Lithium did not proceed with the 2023 Spin-Out and 2023 American Lithium Arrangement.

On March 1, 2024, the FDHI Board determined that it was in the best interest of FDHI to proceed with the Spin-Out. The FDHI Board conferred with RwE regarding the preparation of the Fairness Opinion with respect to the Spin-Out to consider the fairness of the Transaction to the FDHI Shareholders. Before this date, legal counsel to FDHI and FDI prepared, negotiated and finalised drafts and negotiated the final terms of the Arrangement Agreement.

On March 1, 2024, the FDHI Board resolved by written consent, after conferring with RwE; reviewing the Fairness Opinion, and draft copy of the Arrangement Agreement; and reviewing, and considering legal advice; that the proposed Spin-Out is fair, from a financial standpoint, to the FDHI Shareholders.

In coming to its conclusion, the FDHI Board considered a number of factors, including the factors discussed under the heading "*Part II – Matters to be Acted Upon at the Meeting – Reasons for the Transaction*". On March 1, 2024 the FDHI Board unanimously resolved that:

- the Transaction, as set out in the Arrangement Agreement and the Plan of Arrangement, is fair to the FDHI Shareholders and are in the best interests of FDHI;

- the FDHI Board unanimously recommended that FDHI Shareholders approve the Transaction including the Arrangement Resolution at the Meeting; and

- the Arrangement Agreement, and the terms and conditions thereof, and all matters contemplated therein, were approved and FDHI was authorized to enter into the Arrangement Agreement and perform its obligations thereunder.

On March 1, 2024, the Arrangement Agreement was executed and delivered by FDHI, and FDI and certain others, following approval by the FDHI Board. A press release announcing the Transaction was issued by FDHI on March 4, 2024.

For more information see "*Part II – Matters to be Acted Upon at the Meeting – Summary of the Spin-Out*", "*Part II – Matters to be Acted Upon at the Meeting – The Arrangement Agreemen*t", "*Part V – Information about FDI – General Development of the Business – History*" and "*Part III – Information about FDHI – General Development of The Business - History*".

Summary of The Spin-Out

The following description of the Spin-Out, which is being effected pursuant to the Plan of Arrangement, is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is appended as Schedule "B" to this Circular.

Pursuant to the Arrangement Agreement, FDHI has agreed to complete the Spin-Out by way of the Plan of Arrangement. The purpose of the Plan of Arrangement is to reorganize the capital of FDHI and to transfer the FDI Shares held by FDHI to FDHI Shareholders. Pursuant to the Plan of Arrangement, FDHI will create the New Shares, following which FDHI Shareholders will transfer all of the current outstanding FDHI Shares to FDHI for cancellation and in exchange each FDHI Shareholder will receive: (a) that FDHI Shareholder's Pro-Rata Percentage of the FDI Shares currently held by FDHI; and (b) a number of New Shares equal to the FDHI Shares previously held by that FDHI Shareholder. Following closing of the Plan of Arrangement, FDHI may change its name to such name the FDHI Board determines appropriate.

Completion of the Plan of Arrangement is subject to a number of conditions set out in the Arrangement Agreement, including approval of the Arrangement Resolution. In order to complete the Plan of Arrangement, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast at the Meeting in person or by proxy by the FDHI Shareholders. The Transaction as described in the Arrangement Agreement will be completed so long as the requisite approval from FDHI Shareholders, the Court and the TSXV is received.

Following the completion of the Spin-Out, FDHI Shareholders will hold their Pro-Rata Percentage of the FDI Shares and one New Share for each FDHI Share previously held.

In the aggregate, FDHI Shareholders will hold, following completion of the Spin-Out, 100% of the issued and outstanding FDI Shares, prior to taking into account any issuances of shares undertaken by FDI between the date hereof and the closing of the Spin-Out. FDHI Shareholders will receive a total of 43,923,424 FDI Shares being the currently issued and outstanding FDI Shares which are all held by FDHI. For further description of FDI and its business and the FDI Shares, please see "*Part V – Information Concerning FDI*".

If approved, the Plan of Arrangement will become effective at the Effective Time on the Effective Date, which is expected to be on or about May 15, 2024. As set out in the Plan of Arrangement, at the Effective Time, the following shall occur or be deemed to occur sequentially in the following order:

(a) FDHI's authorized share capital shall be altered by:

  (i) renaming and re-designating all of the issued and unissued FDHI Shares as "Class A Common" shares without par value and amending the restrictions attached to those shares to provide the holders thereof with two votes in respect of each share held; and

  (ii) amending its Notice of Articles and Articles to create the New Shares which shall be designated as "Common" shares, in an unlimited number, being without par value and having the rights, privileges, restrictions and conditions set out in the Plan of Arrangement;

(b) Each FDHI Shareholder shall transfer to FDHI free and clear of any mortgage, hypothec, prior charge, lien, pledge, assignment for security, security interest, right of third parties or other charge or encumbrance whatsoever, all of its FDHI Shares, and FDHI shall, in exchange for each FDHI Share so transferred: (i) issue to the FDHI Shareholder, one New Share, and (ii) transfer to the FDHI Shareholder such number of FDI Shares as is equal to such FDHI Shareholder's Pro-Rata Percentage of the FDI Shares held by FDHI, and in such regard:

  (i) each FDHI Shareholder shall cease to be the holder of the FDHI Shares so exchanged, shall cease to have any rights with respect to such FDHI Shares and shall be the holder of the number of New Shares issued to, and FDI Shares transferred to such FDHI Shareholder. The name of such FDHI Shareholder shall be removed from the central securities register of FDHI in respect of the FDHI Shares so exchanged and shall be added to the central securities register of FDHI as the holder of the number of New Shares and each holder of FDHI Shares thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such shares as described above; and

  (ii) the capital in respect of the New Shares shall be reduced to zero and the aggregate capital in respect of the New Shares, upon their issuance, shall be equal to the aggregate paid-up capital, for the purposes of the Tax Act, of the FDHI Shares immediately prior to the Effective Time, less the aggregate value at the Effective Time of the FDI shares.

(c) FDHI's authorized share capital shall be altered by amending its Notice of Articles and Articles by eliminating the FDHI Shares as a class from the authorized share structure.

Thereafter, at 12:05 a.m. (Vancouver time) on the Effective Date, the Arrangement shall be effected pursuant to the Arrangement Agreement.

See the Plan of Arrangement which is appended as Schedule "B" to this Circular for additional information.

FDHI Shares and New Shares

The Plan of Arrangement contemplates altering the authorized share capital of FDHI by creating the New Shares. Below is a summary of the rights, privileges, restrictions and conditions attaching to the New Shares.

FDHI Shares

Pursuant to the Plan of Arrangement, all of the issued and outstanding FDHI Shares will be renamed and redesignated as "Class A Common" shares without par value to be then transferred and surrendered to FDHI in exchange for an equal number of New Shares resulting in no FDHI Shares remaining outstanding. Following the transfer and surrender of the FDHI Shares to FDHI, the authorized share capital of FDHI will be altered to eliminate the FDHI Shares. Therefore, upon the completion of the Plan of Arrangement, no FDHI Shares will be outstanding and this class of shares will be eliminated from the share capital of FDHI.

New Shares

The share capital of FDHI will be amended to rename and re-designate all of its issued and outstanding FDHI Shares as "Class A Common" shares without par value and creating the New Shares in an unlimited number.

All FDHI Shares currently held by each FDHI Shareholder will be transferred to FDHI in exchange for each FDHI Shareholder's Pro-Rata Percentage of the FDI Shares held by FDHI and one New Share for each FDHI Share so transferred. Each FDHI Shareholder will hold one New Share for each FDHI Share currently held in addition to that FDHI Shareholder's Pro-Rata Percentage of the FDI Shares as contemplated by the Plan of Arrangement.

The TSXV has provided conditional approval for the listing of the New Shares on the NEX Board of the TSXV.

The following is a description of the rights, privileges, restrictions and conditions to be attached to the New Shares which is qualified in its entirety by reference to the the Plan of Arrangement which is appended as Schedule "B" to this Circular.

- <u>Voting</u>. The holders of New Shares will be entitled to receive notice of and to attend all meetings of FDHI Shareholders (other than separate meetings of holders of another class of shares) and will have one vote for each New Share held.

- <u>Dividends</u>. The holders of New Shares are entitled to dividends if, as and when declared by FDHI, subject to the rights of any classes of FDHI Shares ranking in priority to the New Shares.

- <u>Liquidation</u>. On the liquidation, dissolution or winding-up of FDHI, or any other distribution of the assets of FDHI, holders of New Shares will participate rateably in the assets of FDHI with all other classes of shares, subject to the rights of any classes of FDHI Shares ranking in priority to the New Shares.

The Arrangement Agreement

The following description of the Arrangement Agreement, which contemplates the Spin-Out, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is available on FDHI's SEDAR+ profile at www.sedarplus.ca and which is incorporated by reference herein.

<u>Implementation Covenants</u>

Under the Arrangement Agreement, both FDHI and FDI has agreed to use its commercially reasonable efforts to implement the Transaction (including by seeking all required shareholder and other approvals) and not to take any actions that frustrate implementation of the Transaction. In particular, each of the Parties has made certain covenants, subject to certain exceptions as set forth in the Arrangement Agreement, to each of the other Parties that until the earlier of the Effective Time and termination of the Arrangement Agreement in accordance with its terms:

(a) it will use its commercially reasonable efforts to satisfy the conditions precedent to its obligations to do all things necessary, proper or advisable under all applicable Laws to complete the Transaction;

(b) it will not take any action which would reasonably be expected to impede or delay the consummation of the Transaction;

(c) it will use commercially reasonable efforts to: (A) defend all lawsuits or other proceedings challenging or affecting the consummation of the Transaction; (B) appeal any order which may affect the ability of the Parties to consummate the Transaction; and (C) appeal or overturn or otherwise have lifted or rendered non-applicable in respect of the Transaction, any Law that makes consummation of the Transaction illegal or otherwise prohibits or enjoins FDHI or FDI from consummating the Transaction;

(d) it will carry out the terms of the Interim Order and Final Order applicable to it and use commercially reasonable efforts to comply promptly with applicable Laws with respect to the Transaction; and

(e) it will file, as promptly as practicable after the date of the Arrangement Agreement, any filings, notifications or applications required to obtain any Regulatory Approvals identified by it in its representations and warranties and will take all such other commercially reasonable actions as may be necessary, proper or advisable to obtain all such Regulatory Approvals.

If the Arrangement Resolution is passed, the Final Order of the Court approving the Arrangement and the final approval of the TSXV has been obtained, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions to the Arrangement Agreement are satisfied or waived, the Parties will implement the Transaction on the Effective Date.

Effective Date and Outside Date

The Parties currently anticipate that the Effective Date will be on or about May 15, 2024 or such other date as determined appropriate by the Parties. The key regulatory and other approvals required for completion of the Transaction is the following: final approval of the TSXV; approval of the FDHI Shareholders, which is expected to be obtained at the Meeting; and approval of the Court, which is expected to be obtained on April 18, 2024.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by FDHI to FDI and FDI to FDHI. It is a condition to completion of the Transaction that these representations and warranties are true and correct (subject to a materiality standard), failing which the Party not in breach of its representations and warranties may terminate the Arrangement Agreement, following a cure period provided to the Party in breach. The representations and warranties do not survive completion of the Transaction and neither Party nor its shareholders has any remedy for a breach discovered following the Effective Date.

The representations and warranties provided by FDHI in favour of FDI relate to, among other things, organization and qualification, authority relative to the Arrangement Agreement, conflicts, required filings and consent, Regulatory Approvals, compliance with laws and constating documents, Authorizations, capitalization and listing, brokers and expenses, and U.S. Securities Law Matters.

The representations and warranties provided by FDI in favour of FDHI relate to, among other things, organization and qualification, authority relative to the Arrangement Agreement, conflict, required filings and consent, Regulatory Approvals, compliance with laws and constating documents, capitalization, and U.S. Securities Law matters.

The foregoing representations and warranties were made solely for purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the Parties in connection with negotiating its terms and as set out in certain disclosure delivered in connection with the Arrangement Agreement. In particular, some of the representations and warranties are subject to a contractual standard of materiality which may be different from that generally applicable to public disclosure, or are used for the purpose of allocating risk between the Parties to the Arrangement Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

Conditions to the Transaction Becoming Effective

In order for the Transaction to become effective, certain conditions must have been satisfied or waived which are summarized below.

Mutual Conditions

The obligations of FDI and FDHI to complete the Transaction will be subject to the satisfaction of, among others, the following mutual conditions, which may be waived only with the consent of each of FDI and FDHI:

(a) the Arrangement Resolution will have been approved and adopted by the FDHI Shareholders at the Meeting in accordance with the Interim Order;

(b) the Final Order will have been obtained on terms consistent with the Arrangement Agreement and in form and substance acceptable to each of FDHI and FDI, acting reasonably, and will not have been set aside or modified in a manner unacceptable to either FDHI and FDI, each acting reasonably, on appeal or otherwise;

(c) no Governmental Entity will have enacted, issued, promulgated, enforced or entered any order or Law which is then in effect and has the effect of making the Transaction illegal or otherwise preventing or prohibiting consummation of the Transaction;

(d) all Regulatory Approvals will have been obtained including the TSXV conditionally accepting completion of the Arrangement;

(e) the New Shares to be issued pursuant to the Arrangement will, subject to customary conditions, have been approved for listing on the TSXV; and

(f) the Arrangement Consideration to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

Covenants

Covenants of FDHI regarding the conduct of business

FDHI has made certain covenants, subject to certain exceptions as set forth in the Arrangement Agreement, including that, until the earlier of the Effective Time and termination of the Arrangement Agreement in accordance with its terms:

(a) FDHI will in all material respects conduct the businesses of FDHI and its Subsidiaries only in the ordinary course of business and use commercially reasonable efforts to preserve intact the present business organization, goodwill, business relationships and assets of FDHI and its Subsidiaries.

(b) FDHI and each of its Subsidiaries will not take any action inconsistent with past practice relating to the filing of any tax return or the withholding, collecting, remitting and payment of any tax; not make or revoke any material election relating to any taxes, other than any election that has yet to be made in respect of any event or circumstance occurring prior to the date of the Arrangement Agreement, not enter into any tax sharing, tax allocation, tax related waiver or tax indemnification agreement; and not settle (or offer to settle) any tax claim, audit, proceeding or re-assessment that would reasonably be expected to be material to FDHI and its Subsidiaries, taken as a whole.

(c) FDHI will not authorize, agree to, propose, enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters prohibited set out above or resolve to do so.

Covenants of FDI regarding the conduct of business

FDI has made certain covenants, subject to certain exceptions as set forth in the Arrangement Agreement, including that, until the earlier of the Effective Time and termination of the Arrangement Agreement in accordance with its terms:

(a) FDI will in all material respects conduct the business of FDI and its Subsidiaries only in the ordinary course of business and use commercially reasonable efforts to preserve intact the present business organization of FDI and its Subsidiaries.

(b) FDI will not, and will cause each of its subsidiaries not to, directly or indirectly:

(i) amend or propose to amend its articles, by-laws or other constating documents;

(ii) declare, set aside or pay any dividend or other distribution in respect of any FDI Shares;

(iii) redeem, purchase or otherwise acquire or offer to purchase or otherwise acquire FDI Shares or other securities of FDI;

(iv) adopt or propose a plan of liquidation or resolutions providing for the liquidation or dissolution of FDI;

(v) merge FDI with any other Person;

(vi) reduce the stated capital of the FDI Shares;

(vii) materially change the business carried on by FDI and its Subsidiaries, taken as a whole; or

(viii) issue, sell, grant, award, pledge, dispose of or otherwise encumber or agree to issue, sell, grant, award, pledge, dispose of or otherwise encumber any FDI Shares or other equity or voting interests or any options, stock appreciation rights, warrants, calls, conversion or exchange privileges or rights of any kind to acquire (whether on exchange, exercise, conversion or otherwise) any FDI Shares or other equity or voting interests or other securities or any shares of its Subsidiaries (including, for greater certainty, any equity based awards); and

(c) FDI will not authorize, agree to, propose, enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters prohibited set out above or resolve to do so.

Mutual Covenants

Each of FDHI and FDI have made certain mutual covenants, subject to the terms and conditions of the Arrangement Agreement, including that, until the earlier of the Effective Time and termination of the Arrangement Agreement in accordance with its terms:

(a) FDHI and FDI will use its commercially reasonable efforts to, and cause each of their Subsidiaries to, satisfy the conditions precedent to its obligations hereunder as set forth in the Arrangement Agreement and complete the Transaction including obtaining all necessary and material Authorizations and cooperate with the other Party.

(b) FDHI and FDI will not take any action which is inconsistent with the Arrangement Agreement or which would reasonably be expected to materially impede or materially delay the consummation of the Transaction.

(c) FDHI and FDI will use commercially reasonable efforts to defend all legal or regulatory proceedings against themselves or any of their Subsidiaries challenging or affecting the Arrangement Agreement or the consummation of the Transaction; appeal or have lifted any injunction or restraining order relating to themselves or their Subsidiaries which may materially adversely affect the ability to consummate the Transaction, and appeal or overturn or have lifted in respect of the Transaction, any law that make the consummation of the Transaction illegal or otherwise prohibits or enjoins FDHI or FDI from consummating the Transaction.

(d) FDHI and FDI will carry out the terms of the Interim Order and Final Order applicable to it and use commercially reasonable efforts to comply promptly with all requirements required by law with respect to the Transaction.

Termination

The Arrangement Agreement may be terminated as follows:

(a) by mutual written agreement of FDHI and FDI;

(b) by either FDHI or FDI, if:

   (i) the Effective Time has not occurred before the Outside Date, except that this right to terminate will not be available to a Party if such Party has caused the failure of the Effective Time to occur by the Outside Date;

   (ii) after the date of the Arrangement Agreement, an applicable Law is enacted or made that prohibits the consummation of the Arrangement; or

   (iii) the FDHI Shareholder Approval has not been obtained at the Meeting;

(c) by FDHI, if prior to the Effective Time:

   (i) if prior to the Effective Date, there is a material change in the business, operations, properties, assets, liabilities, or condition, financial, or otherwise, of FDHI and its Subsidiaries, taken as a whole, or in FDI, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the FDHI Board determines in its sole judgement that it would be inadvisable in such circumstances for FDHI to proceed with the Arrangement; or

   (ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of FDI set forth in the Arrangement Agreement shall have occurred that would cause the closing conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, as reasonably determined by FDHI and provided that FDHI is not then in breach of the Arrangement Agreement so as to cause such condition not to be satisfied.

Fairness Opinion

RwE was retained by the FDHI Board to act as an independent financial advisor to FDHI and to provide an opinion as to the fairness, from a financial point of view, of the Transaction to the FDHI Shareholders.

On March 1, 2024, RwE delivered its opinion, that, as at the date thereof, that the Transaction is fair, from a financial standpoint, to the FDHI Shareholders. The full text of the Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is appended as Schedule “L” of this Circular.

Under the engagement letter with RwE, FDHI has agreed to pay a fixed fee of $14,500 for the Fairness Opinion, plus applicable taxes and out-of-pocket disbursements to RwE for its services related to providing the Fairness Opinion, which payment is not contingent on the substance of the Fairness Opinion or the completion of the Transaction.

The Fairness Opinion is not a recommendation to any FDHI Shareholder as to how to vote or act on any matter relating to the Arrangement Resolution. The Fairness Opinion is only one factor that was taken into consideration by the FDHI Board in making its determination to recommend that the FDHI Shareholders vote in favour of the Arrangement Resolution.

The FDHI Board urges FDHI Shareholders to review the Fairness Opinion carefully and in its entirety.

Recommendation of The Directors

After careful consideration, including a thorough review of the Arrangement Agreement, the advice of RwE as its financial advisor, the Fairness Opinion, as well as a thorough review of other matters, including those discussed below, the FDHI Board unanimously determined that the Transaction is fair, from a financial standpoint, to the FDHI Shareholders. Accordingly, the FDHI Board unanimously approved the Transaction.

The Board of Directors of FDHI unanimously recommends that FDHI Shareholders vote in favour of the Arrangement Resolution and related matters.

Reasons for the Transaction

The Board of Directors of FDHI has concluded that the Transaction is in the best interests of FDHI, and fair to FDHI Shareholders.

In reaching its conclusion that the Transaction is fair to FDHI Shareholders and in the best interest of FDHI, and in making its recommendation to FDHI Shareholders, the FDHI Board considered and relied upon a number of factors, including:

- Spinning out FDI will allow FDHI Shareholders to retain their interest in the current business of FDI while also allowing FDI to develop to its full potential realisable value as a separate reporting issuer not listed on an exchange which would help reduce ongoing operating costs and expenses.

- The Transaction is the result of the completion of a strategic review, after which the FDHI Board unanimously agreed that the Spin-Out would present FDHI Shareholders with the most value by reducing the overhead, costs and ongoing liabilities of operating the FDI business and allowing FDHI to preserve capital for other business opportunities in the resource and energy sector. Following closing of the Transaction it is expected that FDHI's listing will be transferred to the NEX Board of the TSXV further reducing the ongoing costs and maintenance associated with the current listing of FDHI on the TSXV.

- FDHI Shareholders will become shareholders of both FDHI and FDI, and FDHI Shareholders will each receive their Pro-Rata Percentage of FDI Shares currently held by FDHI.

- The Fairness Opinion concluded that the Transaction is fair, from a financial standpoint, to the FDHI Shareholders. See "*Part II – Matters to be Acted Upon at the Meeting – Fairness Opinion*" and Schedule "L".

- The terms of the Arrangement Agreement permits the FDHI Board to terminate the Arrangement Agreement in certain circumstances.

- The requirement that the Arrangement Resolution must be passed by at least two-thirds of the votes cast at the Meeting in person or by proxy by the FDHI Shareholders.

- The procedures by which the Transaction is to be approved, including the requirement for approval by the Court after a hearing at which the fairness of the Plan of Arrangement to FDHI Shareholders will be considered.

- The Transaction is the result of the completion of a strategic review, after which the FDHI Board unanimously agreed that the Spin-Out would present FDHI Shareholders with the most value.

- The terms of the Transaction is the result of a comprehensive negotiation process, undertaken with the oversight and participation of FDHI's financial advisors.

- If the Transaction is completed, FDHI Shareholders will continue to hold the same number of New Shares being the issued and outstanding FDHI Shares upon completion of the Transaction as FDHI Shares held before the Spin-Out is completed.

- Following the Spin-Out, FDI will become a reporting issuer and FDHI Shareholders will continue to benefit from public company oversight from the securities commissions.

- The FDHI Board believes that the likelihood of the completion of the Arrangement is reasonable and is not subject to any financing condition.

The FDHI Board also considered a number of potential issues regarding and risks resulting from the Transaction, including:

- The potential negative effect on FDHI's relationship with its stakeholders.

- The risks to FDHI if the Transaction is not completed, including the costs to FDHI in resources and management attention in pursuing the Transaction.

- The conditions to FDHI's obligations to complete the Transaction.

- The right of FDHI or FDI to terminate the Arrangement Agreement under certain limited circumstances.

- The potential risk of not obtaining certain consents from third parties required to complete the Arrangement, including from the Court, FDHI Shareholders, or any other third-party whose consent is required.

- While the FDHI Board is actively looking at options to list the FDI Shares on other stock exchanges or electronic quotation services, it expects that the FDI Shares will not be listed immediately on the TSXV or any other stock exchange following closing of the Transaction.

The FDHI Board's reasons for recommending the Transaction include certain assumptions relating to forward-looking information, and such information and assumptions, are subject to various risks. See "Risk Factors" in this Circular.

The foregoing summary of the information and factors considered by the FDHI Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Transaction, the FDHI Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The FDHI Board's recommendation was made after considering all of the above-noted factors and in light of the FDHI Board's knowledge of the business, financial condition and prospects of FDHI, and was also based on the advice of legal advisors to the FDHI Board. In addition, individual members of the FDHI Board may have assigned different weights to different factors.

Procedure for The Transaction to Become Effective

In order for the Transaction to become effective:

(a) the Transaction must be approved by the TSXV;

(b) the Arrangement Resolution must be approved by FDHI Shareholders;

(c) FDHI must seek the Final Order from the Court; and

(d) all conditions precedent to the Plan of Arrangement, as set out in the Arrangement Agreement, must be satisfied or waived by the appropriate Party.

Court Approval Of The Arrangement

The BCBCA requires that the Court approve the Plan of Arrangement.

On March 11, 2024, FDHI obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters and for the hearing of the Petition for the Final Order to approve the Arrangement. A Copy of the Interim Order is attached as Schedule "M" to this Circular.

The Court hearing in respect of the Final Order is expected to take place at 9:45 a.m. (Vancouver Time), on April 18, 2024, or as soon thereafter as counsel for FDHI may be heard, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Arrangement Resolution at the Meeting. At the hearing, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of every Person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court will be informed before the hearing for the Final Order that its determination that the Arrangement is fair to FDHI Shareholders, both substantively and procedurally, will constitute the basis to claim the exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the New Shares, and FDI Shares under the Arrangement to be exchanged for FDHI Shares pursuant to the Arrangement, as described under "*Securities Laws Considerations – U.S. Securities Laws*".

Under the terms of the Interim Order, each FDHI Shareholder, as well as creditors of FDHI, will have the right to appear and make submissions at the application for the Final Order, subject to following the procedure set out in the Interim Order. Any Person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving FDHI at the address set out below, on or before 4:00 p.m. (Vancouver Time) on April 16, 2024 a Response to Petition (a "**Response**"), including his, her or its address for service, together with all materials on which he, she or it intends to rely at the hearing of the application for the Final Order. The Response and supporting materials must be delivered, within the time specified, to FDHI at the following address:

Friday's Dog Holdings Inc.
710 – 1030 West Georgia Street
Vancouver, B.C. V6E 2Y3
Attention: Anthony Paterson

Subject to the Court ordering otherwise, only those Persons who file a Response in compliance with the Interim Order will be provided with notice of the materials to be filed with the Court and the opportunity to make submissions in support or opposition of the Final Order. If the hearing is postponed, adjourned or rescheduled, then subject to further order of the Court only those Persons having previously served a Response in compliance with the Interim Order will be given notice of the postponement, adjournment or rescheduled date.

FDHI Shareholders who wish to participate in or be represented at the Court hearing for the Final Order should consult legal advisors as to the necessary requirements.

Interests of Certain Directors and Executive Officers Of FDHI in The Transaction

In considering the recommendation of the FDHI Board with respect to the Transaction, the FDHI Shareholders should be aware that certain members of the FDHI Board and the executive officers of FDHI have interests in the Transaction as FDHI Shareholders or beneficial owners of FDHI Shares, but the benefits they receive will not differ from the interests of FDHI Shareholders generally so that will not present them with actual or potential conflicts of interest in connection with the Transaction.

FDHI Shareholdings

As of March 7, 2024, the directors and officers of FDHI beneficially own, directly or indirectly, or exercised control or direction over, in the aggregate, 7,770,795 FDHI Shares, which represent approximately 9.24% of the total number of outstanding FDHI Shares. All FDHI Shares held by the directors and officers of FDHI will be treated identically and in the same manner under the Spin-Out as FDHI Shares held by any other FDHI Shareholders.

The following table sets out the names and positions of the directors and officers of FDHI and as of the date of this Circular, the number and percentage of FDHI Shares owned, or over which control or direction is exercised, by each such director or officer of FDHI and, where known after reasonable enquiry, by their respective associates or affiliates:

Name and Office Held	Number of FDHI Shares	Percentage of FDHI Shares
Ali Sodagar *Director and Chairman*	220,000	0.26%
Jeremy Ross *Director and Chief Executive Officer*	1,325,000	1.58%
Anthony Paterson *Director*	1,645,340	1.96%
Dominic Stann *Director*	Nil	0%
Arthur Kwan *Director*	Nil	0%
Chelsea Rusche *President and Chief Operating Officer*	Nil	0%
Ryan Cheung *Chief Financial Officer and Corporate Secretary*	Nil	0%
Blackhill Consultants Inc.(1)	2,738,868	3.26%
Ashley Chamberland (2)	267,532	0.32%
Perfect Storm Holdings Ltd. (2)	1,574,055	1.87%

Notes:

1. Blackhill Consultants Inc. is a company wholly-owned and controlled by Jeremy Ross.
2. Perfect Storm Holdings Ltd. is a company wholly-owned and controlled by Anthony Paterson. Ashley Chamberland is the spouse of Anthony Paterson.

Delivery of Share Certificates

DRS Statements

For each registered FDHI Shareholder, upon completion of the Arrangement, the Transfer Agent will mail the Direct Registration System ("**DRS**") Statements representing the applicable number of FDI Shares, which such FDHI Shareholder is entitled to receive under the Arrangement, to the address of the registered FDHI Shareholder as last shown on record with FDHI. The certificates and DRS Statements currently representing FDHI Shares will continue to represent the New Shares upon completion of the Arrangement.

Eligibility for Investment

Based on the current provisions of the Income *Tax Act* (Canada) and the regulations thereunder (collectively, the "***Tax Act***") in force on the date hereof and any proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the New Shares, would be a "qualified investment" for a trust governed by a "registered retirement savings plan", "registered retirement income fund", "tax-free savings account", "registered education savings plan" and "registered disability savings plan", as those terms are defined in the Tax Act (collectively, the "**Plans**") if and provided that either such share are listed on a "designated stock exchange" for the purposes of the Tax Act (which includes the TSXV) or FDHI is a "public corporation" (as defined in the Tax Act) at the relevant time.

However, FDI does not qualify as a "public corporation" and the FDI Shares are not currently listed on a "designated stock exchange", and the timing of such a listing, if any, cannot be guaranteed. In general terms, adverse consequences under the Tax Act, not discussed in this summary, apply to a Plan and/or its annuitant, subscriber or holder (as the case may be) where a Plan acquires or holds a non-qualified investment. Holders who currently hold FDHI Shares within a Plan are advised to consult their own tax advisors.

Similarly, if the FDI Shares are not listed on a "designated stock exchange" in the year that includes the Arrangement, the new 2% tax on public company share buybacks contained in Part II.2 of the *Tax Act*, which if enacted will apply to transactions that occur after January 1, 2024, may apply to FDHI as a result of the exchange of FDHI Shares for New Shares and FDI Shares. The application of this new tax may be subject to a $1,000,000 *de minimus* rule in which the new Part II.2 tax may not apply if the FDI Shares have a fair market value less than $1,000,000.

Notwithstanding that the New Shares may be a qualified investment for a Plan, the holder, subscriber or annuitant of the Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act if such shares are a "prohibited investment" for the Plan for purposes of the Tax Act. A New Share will generally be a "prohibited investment" for a Plan if the holder, subscriber or annuitant, as the case may be, does not deal at arm's length with FDHI for the purposes of the Tax Act or has a "significant interest" (as defined in the Tax Act) in FDHI. In addition, the New Shares will generally not be a prohibited investment if they are "excluded property", as defined in the Tax Act. Annuitants, subscribers or holders, as the case may be, of a Plan should consult their own tax advisors with respect to whether the New Shares would be prohibited investments for the purposes of the Tax Act.

Federal Income Tax Considerations Relating to the Arrangement

The following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under income tax to FDHI Shareholders with respect to the Plan of Arrangement.

This summary is applicable to a FDHI Shareholder who, at all relevant for the purposes of the Tax Act: (i) deals at arm's length and is not affiliated with FDHI and FDI, and (ii) holds FDHI Shares and will hold New Shares, and FDI Shares, as applicable as capital property (a "**Holder**"). Such shares will generally be considered to be capital property to a holder provided that the holder does not use such securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is also not applicable to a Holder (a) that is a "financial institution" for purposes of the mark-to-market rules contained in the Tax Act, (b) that is a "specified financial institution" for purposes of the Tax Act, (c) an interest in which is a "tax shelter investment" as defined in the Tax Act, (d) that reports its "Canadian tax results" within the meaning of section 261 of the Tax Act in a currency other than Canadian currency, or (e) that has entered into, or enters into, with respect to any of the shares discussed herein, a "derivative forward agreement" as defined in the Tax Act.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, and our understanding of the current administrative and assessing practices of the Canada Revenue Agency. This summary also takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date of this Circular (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted substantially as proposed, although no assurance in this regard can be given. Other than the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in law or administrative practice, whether by legislative, governmental or judicial action or interpretation, nor does it take into account provincial, territorial or foreign income tax considerations.

The following summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular FDHI Shareholder. Accordingly, FDHI Shareholders are advised to consult their own tax advisors concerning the income tax consequences to them.

Holders Resident in Canada

This portion of the summary is applicable to a Holder who at all relevant times, for purposes of the Tax Act and any applicable tax treaty, is or is deemed to be, resident in Canada (a "**Resident Holder**").

Certain Resident Holders for whom FDHI Shares, New Shares or FDI Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have those shares, and any other "Canadian securities" (as defined in the Tax Act) owned by that Resident Holder in the taxation year in which the election is made and all subsequent taxation years, be deemed to be capital property.

Exchange of FDHI Shares for New Shares and FDI Shares

The cost of a Resident Holder of FDI Shares acquired on the exchange of FDHI Shares for New Shares and FDI Shares will be equal to the fair market value of the FDI Shares at the time of the exchange. The cost to a Resident Holder of New Shares acquired in such exchange will be equal to the amount, if any, the adjusted cost base ("**ACB**") of the Resident Holder's FDHI Shares immediately before the exchange exceeds the fair market value of the FDI Shares received on the exchange.

A Resident Holder who exchanges their FDHI Shares for New Shares and FDI Shares pursuant to the Arrangement will be deemed to have received a taxable dividend equal to the amount, if any, by which the fair market value of the FDI Shares distributed to the Resident Holder pursuant to the Arrangement exceeds the "paid-up capital" ("**PUC**") of the Resident Holder's FDHI Shares determined at that time. Any such taxable dividend will be taxable as described below under "Taxation of Dividends". The fair market value of all FDI Shares distributed to the FDHI Shareholders pursuant to the Arrangement is not expected to exceed the PUC of the FDHI Shares. Accordingly, Resident Holders will not be deemed to receive a taxable dividend as a result of the Arrangement.

On the exchange of FDHI Shares for New Shares and FDI Shares, a capital gain (or capital loss) may be realized by a Resident Holder equal to the amount by which (a) the aggregate of the cost of the FDI Shares and the New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange, exceeds (or is less than) (b) the aggregate of the ACB of the FDHI Shares exchanged and any reasonable costs of disposition. See "*Taxation of Capital Gains and Losses*" below. Any capital loss realized may be subject to a number of stop-loss rules which are not discussed herein. Resident Holders who anticipate realizing a capital loss are encouraged to speak to their own advisors. Any capital loss realized may be subject to a number of stop-loss rules which are not discussed herein. Any Resident Holder who anticipates realizing a capital loss is encouraged to speak to their own tax advisors.

Taxation of Dividends

A Resident Holder will be required to include in computing its income for a taxation year the amount of any dividends received (or deemed to be received) on FDHI Shares, New Shares, or FDI Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by FDHI or FDI, as applicable, as an eligible dividend in accordance with the provisions of the Tax Act. A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Resident Holder's FDHI Shares, New Shares, or FDI Shares, as applicable, but generally will be entitled to deduct an equivalent amount in computing taxable income. In certain circumstances, section 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax on dividends received (or deemed to be received) on FDHI Shares, New Shares, or FDI Shares, as applicable, to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Disposing of Shares

A Resident Holder who disposes or is deemed to have disposed of New Shares, or FDI Shares (other than to the respective issuer of such share) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such holder's adjusted cost base of such shares. The tax treatment of capital gains and capital losses is discussed in greater detail below under "Capital Gains and Capital Losses".

Capital Gains and Capital Losses

One half of any capital gain will be included in income as a taxable capital gain and one half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of FDHI Shares, New Shares, or FDI Shares by a holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares.

A holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 10 ⅔% on its "aggregate investment income" for the year which will include taxable capital gains.

Individuals (other than certain trusts) may be subject to alternative minimum tax in respect of realized capital gains.

Holders Not Resident in Canada

The following summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act and any applicable tax treaty: (i) is not (and is not deemed to be) a resident in Canada; (ii) does not use or hold, (and is not deemed to use or hold) and will not use or hold FDHI Shares, New Shares, or FDI Shares in carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is not applicable to a Non-Resident Holder that is (i) an insurer carrying on an insurance business in Canada and elsewhere or (ii) an "authorized foreign bank" as defined in the Tax Act.

Exchange of FDHI Shares for New Shares and FDI Shares

The cost to a Non-Resident Holder of FDI Shares acquired on the exchange of FDHI Shares for New Shares and FDI Shares will be equal to the fair market value of the FDI Shares at the time of the exchange. The cost to a Non-Resident Holder of FDHI Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Non-Resident Holder's FDHI Shares immediately before the exchange exceeds the fair market value of the FDI Shares received on the exchange.

The aggregate fair market value of the FDI Shares received by a Non-Resident Holder on the exchange is not expected to exceed the PUC of the FDHI Shares exchanged. If the aggregate fair market value of the FDI Shares received by a Non-Resident Holding on the exchange exceeds the PUC of the FDHI Shares exchanged, the excess will generally be deemed to be a dividend received by the Non-Resident Holder from FDHI subject to withholding tax. See "*Taxation* *of Dividends*” below for a general description of the treatment of dividends under the Tax Act including amounts deemed under the Tax Act to be received as dividends.

FDHI will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Non-Resident Holder (including the FDI Shares) such amounts as FDHI is required or permitted to deduct and withhold under the Tax Act. To the extent that FDHI is required to deduct and withhold from consideration that is not cash, including the FDI Shares, FDHI is entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations (including any applicable interest and penalties). Any such sales may negatively impact the trading price of the FDI Shares (if listed). Any FDI Shares that are withheld and are not sold to realize sufficient net proceeds to fund withholding tax obligations (if any) will be distributed to the Non-Resident Holders.

On the exchange of FDHI Shares for New Shares and FDI Shares, a capital gain (or capital loss) may be realized by a Non-Resident Holder equal to the amount by which (a) the aggregate of the cost of FDI Shares and of the New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange exceeds (or is less than) (b) the aggregate of the ACB of the FDHI Shares exchanged and any reasonable costs of disposition. Any capital loss may be subject to a number of stop-loss rules not discussed herein. Non-Resident Holders are encouraged to speak to their own tax advisors in this regard.

Capital Gains and Capital Losses

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a FDHI Share, a New Share, or a FDI Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless such share constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention.

Provided the FDHI Shares and New Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSXV), at the time of disposition, the FDHI Shares and New Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition the following two conditions are met concurrently: (a) one or more of any combination of (i) the Non-Resident Holder, (ii) Persons with whom the Non-Resident Holder did not deal at arm’s length, and (iii) partnerships in which the Non-Resident Holder or a Person described in (ii) holds a membership interest directly or indirectly through one or more partnerships owned 25% or more of the issued shares of any class or series of FDHI Shares; and (b) more than 50% of the fair market value of the FDHI Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a FDHI Share or New Share may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act.

If the FDI Shares are not listed on a “designated stock exchange” at the time they are disposed of by a Non-Resident Holder, such shares will constitute taxable Canadian property of the Non-Resident Holder if, at any time in the 60-month period immediately preceding the disposition, more than 50% of the fair market value of such shares was derived directly or indirectly from property referred to under paragraph (b) above.

Reporting and withholding obligations under section 116 of the Tax Act apply when a Person who is not resident in Canada for purposes of the Tax Act disposes of “taxable Canadian property”, other than “excluded property”. “Excluded property” includes a share of a class of shares of a corporation that is listed on a recognized stock exchange (which includes the TSXV).

Taxation of Dividends

Dividends paid to a holder not resident in Canada (including, for this purpose, a partnership other than a “Canadian partnership” as defined in the Tax Act) will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the holder is entitled under any applicable tax treaty between Canada and the country in which the holder is resident. Where the beneficial holder of the shares is a United

States resident entitled to benefits under the Canada-U.S. Income Tax Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Resale of FDI Shares

The distribution of FDI Shares pursuant to the Plan of Arrangement to FDHI Shareholders resident in each of the provinces and territories of Canada is exempt from the prospectus and registration requirements of the securities laws of those provinces and territories.

If the Transaction is completed, holders of FDHI Shares resident in each of the provinces and territories of Canada will receive FDI Shares pursuant to the Plan of Arrangement, which FDI Shares may be resold free of prospectus requirements and statutory hold periods of the securities laws of those provinces and territories. However, any individual, company or a combination of individuals or companies holding a sufficient number of FDI Shares to affect materially the control of FDI will be restricted in reselling FDI Shares received pursuant to the Plan of Arrangement. Any Person, alone or with other Persons acting in concert by virtue of an agreement, holding more than 20% of the FDI Shares will be presumed to hold a sufficient number of FDI Shares to materially affect the control of FDI. FDHI Shareholders who reside outside of these jurisdictions should consult with their own advisers with respect to any resale of FDI Shares received pursuant to the Plan of Arrangement.

Following the completion of the Transaction, FDI will become a reporting issuer in the Provinces of British Columbia, Alberta and Saskatchewan.

Resale of New Shares

FDHI Shares held by FDHI Shareholders will be exchanged for New Shares upon completion of the Plan of Arrangement. Holders of FDHI Shares resident in each of the provinces and territories of Canada will be able to resell their New Shares free of prospectus requirements and statutory hold periods of the securities laws of those provinces and territories. However, any individual, company or a combination of individuals or companies holding a sufficient number of New Shares to materially affect the control of FDHI will nevertheless be restricted in reselling New Shares. Any Person, alone or with other Persons acting in concert by virtue of an agreement, holding more than 20% of the New Shares will be presumed to hold a sufficient number of New Shares to materially affect the control of FDHI. FDHI Shareholders who reside outside of these jurisdictions should consult with their own advisers with respect to any resale of New Shares.

Following the completion of the Transaction, the TSXV may notify FDHI that the New Shares will be transferred to the NEX board (the "**NEX**") of the TSXV. Unless FDHI enters into an agreement in principal to acquire a business asset during the notice period, the New Shares will be transferred to the NEX until such time the TSXV approves its reactivation as a Tier 2 Mining Issuer.

FDHI Shareholder Approval

Arrangement Resolution

Management of FDHI intends to place before the Meeting, for approval, with or without modification, the Arrangement Resolution in the form annexed as Schedule "A" hereto, relating to the Plan of Arrangement.

Pursuant to the BCBCA and the Interim Order, the Arrangement Resolution must be approved by a special resolution of FDHI Shareholders consisting of a majority of not less than two-thirds of the votes cast at the Meeting. If the Arrangement Resolution does not receive the necessary approval from FDHI Shareholders present in person or by proxy at the Meeting, FDHI will not proceed with the Arrangement in the form as set out hereto. In such event, the Board of Directors of FDHI may reconsider the Transaction in the hope of restructuring it in a form that will be satisfactory to FDHI Shareholders, and applicable regulatory authorities.

Unless instructed otherwise, the management designees of FDHI in the accompanying form of proxy or voting instruction form intend to vote FOR the Arrangement Resolution.

PART III – INFORMATION CONCERNING FDHI

Corporate Structure

Name and Incorporation

The full corporate name of FDHI is “Friday`s Dog Holdings Inc.”. FDHI, originally “Pierce Mountain Resources Ltd.”, was incorporated on February 27, 1987. On December 3, 1991, FDHI changed its name to “Portal Resources Ltd.” and on December 7, 1994, FDHI changed its name to “Capella Resources Ltd.” On May 15, 2012, FDHI changed its name to “Cerro Mining Corp.” On February 25, 2022, FDHI underwent a reverse take-over by FDI by way of a three-cornered amalgamation among FDHI (then known as “Cerro Mining Corp.”), FDI and a wholly-owned Subsidiary of Cerro Mining Corp. created to complete the reverse take-over, and changed its name to its current name. FDHI is listed on the TSXV under the trading symbol “FRDY”.

FDHI has one wholly-owned Subsidiary, FDI.

FDI has two wholly-owned subsidiaries: Friday’s Dog (USA) Inc., a company governed by the laws of Delaware, and Friday’s Dog (Canada) Inc., a company governed by the laws of the Province of British Columbia. See “*Part V – Information Concerning FDI*”.

General Development of The Business

History

On February 25, 2022, FDHI completed a reverse take-over transaction pursuant to an amalgamation agreement among FDHI (then known as “**Cerro Mining Corp**.”), 1308821 B.C. Ltd., a wholly-owned Subsidiary of FDHI, created for the purpose of effecting the transaction, and the former FDI. The former FDI and 1308821 B.C. Ltd. amalgamated to form the current FDI and FDHI changed its name to its current name.

Cerro Mining Corp.

Cerro Mining Corp., incorporated in 1987, was a junior exploration and mineral development company in the business of acquiring and disposing of mineral property interests which it explored and developed to determined their economic potential for commercial production of minerals. At one point in its history, Cerro Mining Corp. owned over 25,000 mineral exploration claims covering an aggregate land area of over 1.2 million acres in Atlantic Canada and held 100% interest in the Tinton Gold Project located 15 km west-northwest of the Homestake Mine in Black Hills at Lead, South Dakota. Prior to disposing its interest in Minera Cerro El Diablo, its Chilean Subsidiary, in March 2020, all or substantially all of Cerro Mining Corp.’s interest in mineral properties was in the Dorado (Lajitas) and Nevada gold properties located in the Copiapó area of Northern Chile.

In November 2020, Cerro Mining Corp. entered into a non-binding letter of intent, as amended on February 7, 2021, with FDI, pursuant to which Cerro Mining Corp. proposed, among other things, to acquire all of the issued and outstanding FDI Shares. The shares in the capital of Cerro Mining Corp. were halted on November 24, 2020.

On May 14 and May 20, 2021, Cerro Mining Corp. completed two tranches of a concurrent financing of subscription receipts to raise total gross proceeds of $10,109,000 at the price of $0.50 per subscription receipt with each subscription receipt exchanged for one common share in the capital of Cerro Mining Corp. immediately prior to the closing of the reverse take-over with the former FDI and subject to the satisfaction or waiver of the escrow release conditions.

On July 2, 2021, Cerro Mining Corp., FDI and 1308821 B.C. Ltd. entered into a definitive amalgamation agreement, which was later amended on September 17, 2021 and January 19, 2022.

Friday`s Dog Holdings Inc.

After February 28, 2022, following the reverse take-over of Cerro Mining Corp. by FDI with the resulting issuer's name changed to FDHI, FDI became wholly-owned by FDHI and FDHI indirectly carried on the business of FDI. For a detailed description of FDI's business, see "*Part V – Information Concerning FDI*".

In December 2022, FDHI and FDI entered into a mutual release and settlement agreement (the "**Settlement**") with the estate of a former officer of FDI (the "**Estate**") with regards to certain creditor claims FDI filed against the assets of such estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. As part of the Settlement, FDHI cancelled 7,400,000 FDHI Shares of the Estate which were returned to treasury and the Estate was allowed to retain 600,000 FDHI Shares. See the Management Discussion and Analysis of FDHI for the nine months ended September 30, 2023 filed under FDHI's profile on SEDAR+ for more information.

On June 6, 2023, FDHI entered into an arrangement agreement (the "**2023 American Lithium Arrangement Agreement**") with American Lithium Corp. whereby it agreed to complete a business combination transaction to acquire a wholly-owned Peruvian Subsidiary of American Lithium Corp., Macusani Uranium SAC, pursuant to a plan of arrangement under the BCBCA (the "**2023 American Lithium Arrangement**"). Trading of the stock of FDHI was also halted on the same day pending completion of the 2023 American Lithium Arrangement. The 2023 American Lithium Arrangement had a number of closing conditions including, among other things, the following:

- completion of a consolidation of FDHI Shares on the basis of 4.5-to-1;
- issuance of 80 million FDHI Shares to American Lithium Corp. on a post-consolidation basis as consideration for the issued and outstanding shares of Macusani Uranium SAC;
- completion of a concurrent brokered private placement of subscription receipts to raise a minimum of $15 million; and
- completion of the 2023 Spin-Out concurrent to the completion of the 2023 American Lithium Arrangement.

As part of the 2023 Spin-Out and Business Combination, FDHI agreed to change its business to uranium exploration and development.

On July 17, 2023, due to market conditions for new listings and the concurrent financing in connection with the 2023 American Lithium Arrangement, FDHI and American Lithium Corp. entered into a termination agreement terminating the 2023 American Lithium Arrangement Agreement. Effective market open on July 24, 2023, FDHI Shares resumed trading on the TSXV. See "*Part V – Information about FDI – General Development of the Business – History*" for more details regarding the 2023 Spin-Out.

Selected Consolidated Financial Information and Management's Discussion and Analysis

The following table sets out selected historical financial information of FDHI for the interim period ended September 30, 2023 and the two most recently completed fiscal years as set out in the audited annual financial statements of FDHI for the years ended December 31, 2021 and December 31, 2022. The information set out below should be read in conjunction with the reviewed interim and consolidated audited annual financial statements of FDHI and the related notes thereto for the interim nine-month period ended September 30, 2023 and the fiscal years ended December 31, 2022 and 2021 which are appended, respectively, at Schedules "C" and "D" to this Circular.

Consolidated Financial Information	Interim nine-month period ended September 30, 2023 (reviewed)	Year ended December 31, 2022 (audited)	Year ended December 31, 2021 (audited)
Gross Profit	$(2,513)	$(74,718)	Nil
Total expenses (operating loss)	$(1,085,633)	$(4,862,174)	$(3,215,694)
Loss from Operations	$(1,088,146)	$(4,936,892)	$(3,215,694)
Total Assets	$6,306,723	$7,125,931	$2,317,244
Total liabilities	$457,934	$380,395	$6,061,094
Net Loss	$(896,747)	$(19,795,989)	$(2,545,818)
Basic and diluted Loss per share	$(0.01)	$(0.24)	$(0.10)

Management's Discussion and Analysis

The Management's Discussion and Analysis of FDHI for the interim nine-month period ended September 30, 2023 and the fiscal years ended December 31, 2022 and December 31, 2021, are appended, respectively, at Schedules "E" and "F" to this Circular.

Dividends or Distributions

FDHI has not declared, and does not intend to declare, cash dividends or distributions on its securities. In order to maximize its ongoing operations, FDHI does not pay out dividends. FDHI's investment policy is to invest its cash in capital assets for future growth.

Consolidated Capitalization

The following table summarizes FDHI's capitalization as at December 31, 2022 and as at the date of this Circular. The table should be read in conjunction with the financial statements of FDHI including the notes thereto included elsewhere in this Circular.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as at December 31, 2022	Amount outstanding as at the date of this Circular
FDHI Shares	Unlimited	84,069,352	84,069,352
FDHI Warrants (1)	9,276,000	9,276,000	Nil

Notes:
1. Each FDHI Warrant was exercisable to purchase one FDHI Share at an exercise price of $1.00 until February 25, 2024 when they all expired.

Description of Securities

FDHI is authorized to issue an unlimited number of FDHI Shares without par value. As of the date hereof, there are 84,069,352 FDHI Shares issued and outstanding. The holders of the FDHI Shares are entitled to receive notice of and to attend any meeting of FDHI Shareholders and have the right to one vote per FDHI Share thereat. The holders of FDHI Shares are entitled to receive any dividend declared by the FDHI Board, and have the right to receive a proportionate amount, on a per share basis, of the remaining property of FDHI on its dissolution, liquidation, winding up or other distribution of its assets or property among the FDHI Shareholders for the purpose of winding up its affairs.

As of the date hereof, nil Stock Options are issued and outstanding.

Option Plan

The FDHI Option Plan was approved by FDHI Shareholders at FDHI's annual general meeting held on September 22, 2023. As a "rolling plan", the FDHI Option Plan provides that the aggregate number of shares reserved for issuance under it, and all of FDHI's other previously established and outstanding option plans or grants, is 10% of FDHI's issued common shares at the time of the grant of options. The FDHI Option Plan is summarized below with all capitalized terms as defined in the FDHI Option Plan, a copy of which is as set out at Schedule "A" of the information circular of FDHI dated August 15, 2023 which is filed under FDHI's profile on SEDAR+.

Under the FDHI Option Plan, the option exercise price must not be less than the closing price of the FDHI Shares on the TSXV on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the TSXV. An option granted under the FDHI Option Plan must be exercised within a period of ten years from the date of grant. Within this ten-year period, the board of directors of FDHI may determine the limitation period during which an option may be exercised and, notwithstanding that none is required by the policies of the TSXV because the FDHI Option Plan is a "rolling plan", whether a particular grant will have a minimum vesting period. As a "rolling plan", any amendment to the FDHI Option Plan will require the approval of the TSXV and may require shareholder approval.

The exercise price of an option will be set by the FDHI Board at the time such option is allocated under the FDHI Option Plan, and cannot be less than the Discounted Market Price (as defined by applicable TSXV policies).

No single Person may be granted options to purchase a number of common shares equaling more than 5% of the issued FDHI Shares in any twelve-month period unless FDHI has obtained "disinterested shareholder approval" in respect of such grant and meets applicable TSXV requirements. Options must not be granted if the exercise thereof would result in the issuance of more than 2% of the issued FDHI Shares in any twelve-month period to any one consultant of the FDHI or any of its subsidiaries (if any). Options must not be granted if the exercise thereof would result in the issuance of more than 2% of the issued FDHI Shares in any twelve (12) month period to Persons employed to provide investor relation activities. Options granted to consultants performing investor relations activities must contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any three (3) month period.

Options can be exercisable for a maximum of 5 years from the effective date of the grant of such Option. The exercise of any Options will be contingent upon receipt by FDHI at its head office of a written notice of exercise, specifying the number of FDHI Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such FDHI Shares with respect to which the option is exercised.

All rights to exercise options shall terminate upon the earliest of:

(a) the expiration date of the option;

(b) the 90th day after the Optionee ceases to be an Eligible Person for any reason other than death, disability or cause or such other reasonable expiration date as the FDHI Board may determine, provided that such expiration date does not exceed 12 months following the date the Optionee ceases to be an Eligible Person;

(c) the 30th day after the Optionee who is engaged in Investor Relations Activities for FDHI ceases to be employed to provide Investor Relations Activities;

(d) the date on which the Optionee ceases to be an Eligible Person by reason or termination of the Optionee as an Employee, Consultant or Management Company Employee of FDHI for cause (which, in the case of a Consultant, includes any breach of an agreement between FDHI and the Consultant);

(e) the first anniversary of the date on which the Optionee ceases to be an Eligible Person by reason of termination of the Optionee on account of disability; or

(f) in the case of the death of an Optionee, any vested Option held by the Optionee at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option.

Under the policies of the TSXV, if the grants of options under the FDHI Option Plan to "insiders" of FDHI, together with all of FDHI's outstanding options, could result at any time in:

(a) the number of FDHI Shares reserved for issuance pursuant to options granted to insiders of the FDHI exceeding 10% of the issued FDHI Shares; or

(b) the grant to insiders of FDHI, within a 12-month period, of a number of options exceeding 10% of the issued FDHI Shares;

FDHI must obtain "disinterested shareholder approval" as described below.

The policies of the TSXV and the terms of the FDHI Option Plan also provide that "disinterested shareholder approval" will be required for any agreement to decrease the exercise price or extension of expiry date of options previously granted to insiders of FDHI.

The term "disinterested shareholder approval" means approval by a majority of the votes cast at a shareholder meeting other than votes attaching to FDHI Shares beneficially owned by insiders of FDHI to whom options may be granted under the FDHI Option Plan and associates of such Persons. The term "insiders" is defined in the Securities Act and generally includes directors and senior officers of FDHI and its subsidiaries, the five highest paid employees and holders of greater than 10% of the voting securities of FDHI. The term "associates" is defined in the Securities Act.

In accordance with the terms of the FDHI Option Plan, it is subject to annual re-approval by the TSXV and FDHI Shareholders.

Prior Sales

No securities of FDHI were issued within the twelve months prior to the date of this Circular.

No Stock Options were granted in the twelve months prior to the date of this Circular.

Stock Exchange Price

The FDHI Shares trade on the TSXV under the symbol “FRDY”. The following table sets out trading information and price range for the FDHI Shares on a monthly basis for the periods indicated:

Period	High	Low	Total Volume
June 2022	$0.14	$0.09	490,092
July 2022	$0.09	$0.08	183,937
August 2022	$0.09	$0.085	349,825
September 2022	$0.09	$0.08	192,000
October 2022	$0.115	$0.075	207,241
November 2022	$0.105	$0.07	663,700
December 2022	$0.095	$0.065	991,750
January 2023	$0.09	$0.075	132,000
February 2023	$0.16	$0.08	243,850
March 2023	$0.12	$0.08	142,475
April 2023	$0.095	$0.065	28,500
May 2023	$0.095	$0.055	140,638
June 2023	$0.075	$0.075	Nil
July 2023	$0.080	$0.055	621,918
August 2023	$0.10	$0.07	197,148
September 2023	$0.07	$0.07	95,138
October 2023	$0.095	$0.055	380,629
November 2023	$0.075	$0.065	151,425
December 2023	$0.15	$0.065	328,685
January 2024	$0.09	$0.065	101,501
February 2024	$0.10	$0.065	80,750
March 1 to 7, 2024	$0.12	$0.06	835,594

Executive Compensation

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation and sets forth compensation for each of the NEOs and directors of FDHI.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by FDHI to each current and former NEO and director, in any capacity, for the fiscal years ended December 31, 2022 and 2021, and for the nine-month period ending September 30, 2023.

Name and position	Fiscal Period	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)[14]
Ryan Cheung [1] *CFO and Corporate Secretary*	Year-ended December 31, 2022	$11,400	Nil	Nil	Nil	Nil	$11,400
	Nine-Months Ended September 30, 2023	$23,000	Nil	Nil	Nil	Nil	$23,000
Chelsea Rusche [2] *CFO and COO*	Year-ended December 31, 2022	$167,175	Nil	Nil	Nil	Nil	$167,175
	Nine-Months Ended September 30, 2023	$165,731	Nil	Nil	Nil	Nil	$165,731
Jeremy Ross [3] *CEO and Director*	Year-ended December 31, 2022	$100,000	Nil	Nil	Nil	Nil	$100,000
	Nine-Months Ended September 30, 2023	$90,000	Nil	$22,500	Nil	Nil	$112,500
Anthony Paterson [4] *Director*	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500
	Year-ended December 31, 2022	Nil	$30,000	Nil	Nil	Nil	$30,000
	Year-ended December 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Arthur Kwan [5] *Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500

Name and position	Fiscal Period	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)(14)
Dominic Stann (6) *Director*	Year-ended December 31, 2022	Nil	Nil	$20,000	Nil	Nil	$20,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$15,000	Nil	Nil	$15,000
Ali Sodagar (7) *Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500
Ehsan Agahi (8) *Director*	Year-ended December 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Bowering (9) *Former CEO and Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Year-ended December 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Michael Kobler (10) *Former Director*	Year-ended December 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil
	Year-ended December 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Paul Charlish (11) *Former CFO and Corporate Secretary*	Year-ended December 31, 2022	$62,500	Nil	Nil	Nil	Nil	$62,500
Richard Scheiner (12) *Former CEO, President and COO*	Year-ended December 31, 2022	$358,530	Nil	Nil	Nil	Nil	$358,530
Simon Anderson (13) *Former CFO*	Year-ended December 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil
	Year-ended December 31, 2021	$7,700	Nil	Nil	Nil	Nil	$7,700

Notes:

1. Ryan Cheung replaced Mr. Charlish as CFO on July 8, 2022.
2. Ms. Rusche was appointed as COO on May 26, 2023; and as President on August 18, 2022.
3. Mr. Ross was appointed as CEO and President on May 26, 2023; and resigned as President on August 18, 2022.
4. Mr. Paterson was appointed a director of FDHI on February 13, 2020.
5. Mr. Kwan was appointed a director on February 25, 2022.
6. Mr. Stann was appointed as a director on February 25, 2022.
7. Mr. Sodagar was appointed as a director on February 25, 2022.

8. Mr. Agahi was appointed as a director on February 22, 2022 and resigned on February 25, 2022.
9. Mr. Bowering was appointed President, CEO and a director of FDHI on June 2, 2020. During the period-ended December 31, 2021, FDHI paid $6,000 for management services to Bowering Projects Ltd., a company controlled by Mr. Bowering. Mr. Bowering resigned as CEO and President on February 25, 2022; and resigned as a director on December 2, 2022.
10. Mr. Kobler was appointed a director of FDHI on February 20, 2020; and resigned from the FDHI Board on February 22, 2022.
11. Mr. Charlish was appointed CFO and Corporate Secretary on February 25, 2022 and resigned on July 8, 2022.
12. Mr. Scheiner was appointed CEO, President and COO on February 25, 2022 and removed as CEO, President and COO on May 26, 2022.
13. Mr. Anderson was appointed CFO on June 2, 2020; and resigned from the FDHI Board on February 22, 2022. During the period-ended December 31, 2021, FDHI incurred $7,700 for management fees to S2 Management Inc., a company controlled by Mr. Anderson.
14. The compensation outlined above for NEOs of both FDI and FDHI are duplicates as FDI is currently the operating company of FDHI.

Stock Options and Other Compensation Securities

No compensation securities of FDHI were granted to or exercised by any NEO or director of FDHI during the most recently completed financial year ended December 31, 2022. See "*Stock Option Plan*" for information related to the Stock Option Plan.

Management Contracts

There are no management functions of FDHI, which are, to any substantial degree, performed by an individual other than the directors or executive officers of FDHI. There are no agreements or arrangements that provide for compensation to NEOs or directors of FDHI, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in FDHI or a change in FDHI or director's responsibilities.

Oversight and Description of Director and NEO Compensation

FDHI currently has two standing committees:

(i) an Audit Committee (see expanded disclosure below) which reviews quarterly and annual financial statements and management and discussion and analysis, and works with FDHI's auditor; and

(ii) a Compensation Committee which approves management's salaries and expenses.

Compensation of NEOs

The Compensation Committee is currently comprised of Anthony Paterson, Jeremy Ross, and Chelsea Rusche. Compensation of NEOs is reviewed annually and determined by the Compensation Committee. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

Elements of NEO Compensation

As discussed above, FDHI has adopted the FDHI Option Plan to motivate NEOs by providing them with the opportunity, through Stock Options, to acquire an interest in FDHI and benefit from FDHI's growth. The FDHI Board does not employ a prescribed methodology when determining the grant or allocation of Stock Options to NEOs. Other than the Option Plan, FDHI does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Compensation of Directors

Compensation of directors of FDHI is reviewed annually. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the FDHI Board's view, there is, and has been, no need for FDHI to design or implement a formal compensation program for directors. While the FDHI Board considers Stock Option grants to directors under the Stock Option Plan from time to time, the FDHI Board does not employ a prescribed methodology when determining the grant or allocation of Stock Options. Other than the Stock Option Plan, as discussed above, FDHI does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by FDHI and none are proposed at this time.

Non-Arm's Length Party Transaction

In connection with any transaction completed within the previous two years prior to the date hereof, FDHI has not provided or proposed to provide any assets or services to or obtained or proposed to obtain any assets or services from any director or officer of FDHI, any principal securityholder disclosed elsewhere in this Circular, or any Associate or Affiliate of the foregoing.

The Transaction is an Arm's Length Transaction (as such term is defined by the TSXV Corporate Finance Policies of the TSXV) of FDHI.

Legal Proceedings

There are no material legal proceedings against FDHI or affecting any of its properties as of the date of this Circular. There are no (a) penalties or sanctions imposed against FDHI by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against FDHI that would likely be considered important to a reasonable investor in making an investment decision in FDHI; and (c) settlement agreements FDHI entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

Auditor, Registrar And Transfer Agent

The auditor of FDHI is Davidson & Company, 1200 – 609 Granville Street, Vancouver, BC, V7Y 1H4.

The registrar and transfer agent for FDHI is Odyssey Trust Company, 350 – 409 Granville Street, Vancouver BC V6C 1T2.

Material Contracts

Other than the Arrangement Agreement, FDHI has not entered into any material contracts other than in the ordinary course of business. See "*The Arrangement Agreement*".

Risk Factors

Investment in the securities of FDHI involves a high degree of risk and should be regarded as speculative due to the nature of the business of FDHI and FDI.

For a more in-depth overview of the risk factors relating to the business of FDI see "*Part V – Information Concerning FDI – Risk Factors*"; and relating to the business of FDHI see "*Part V – Information Concerning FDHI Post-Arrangement – Risk Factors*".

Additional Information

Additional information relating to FDHI is available on SEDAR+ at www.sedarplus.ca. FDHI Shareholders may contact FDHI at 604-428-6128 to request copies of FDHI's financial statements and Management Discussion and Analysis thereon. Financial information is provided in FDHI's comparative financial statements and Management Discussion and Analysis thereon for FDHI's most recently-completed financial year and interim periods.

PART IV – INFORMATION CONCERNING FDHI POST-ARRANGEMENT

The following information is provided by FDHI on a post-Spin-Out basis, which should be read together with the more detailed information and financial data and statements concerning FDHI contained elsewhere in this Circular.

Corporate Structure

Name and Incorporation

Following completion of the Spin-Out, Friday`s Dog Holdings Inc. will continue under the symbol “FRDY” and will continue to be governed by the BCBCA. The registered office will continue to be located at 710 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

Following completion of the Spin-Out, the TSXV will notify FDHI that the New Shares will be transferred to the NEX unless it enters into an agreement in principal to acquire a business asset in the interim. Subject to FDHI entering into such an agreement, the TSXV will transfer the New Shares to the NEX Board of the TSXV.

The constating documents of FDHI will be amended to create the New Shares, and to eliminate the FDHI Shares as a class from the authorized share structure of FDHI.

Intercorporate Relationships

Upon the completion of the Spin-Out, FDI will no longer be a wholly-owned Subsidiary of FDHI and will become a separate reporting issuer in the Provinces of British Columbia, Alberta and Saskatchewan.

Narrative Description Of The Business

Stated Business Objectives and Milestone

Following completion of the Transaction, FDHI’s objective will be to carry out the business as described below.

- Enable the focus on new businesses to acquire and operate.

- Engage in negotiations with owners of businesses to acquire and operate.

See the “*Part IV – Information Concerning FDHI Post-Arrangement – Narrative Description of the Business*”.

Upon the completion of the Transaction, the FDHI Board will adopt such board committee charters, codes and policies as it deems necessary in accordance with good corporate governance practices.

Description of Securities

FDHI will be authorized to issue an unlimited number of common shares without nominal or par value (the “**New Shares**”).

At the closing of the Transaction, based on the number of FDHI Shares currently issued and outstanding (84,069,352), it is anticipated that there will be the same number of New Shares issued and outstanding (84,069,352), of which the current shareholders of FDHI will hold an aggregate of 84,069,352 New Shares (100% of the issued and outstanding New Shares, on a fully-diluted basis).

New Shares

For a description of the New Shares, see "*Part II – General Information Concerning the Meeting – New Shares – Summary of the Arrangement –New Shares*".

Pro Forma Consolidated Capitalization

The following table sets out the pro forma capitalization of FDHI post-closing of the Spin-Out based on the unaudited pro forma consolidated financial statements of FDHI as at September 30, 2023, included in Schedule "K" to this Circular, and should be read in conjunction with such pro forma financial statements and the notes thereto:

Designation of Security	Amount authorized or to be authorized	Amount Outstanding Prior to Giving Effect to the Spin-Out	Amount Outstanding after Giving Effect to the Spin-Out
New Shares	Unlimited	84,069,352	84,069,352

Fully-Diluted Share Capital

The following table sets out the number and percentage of securities of FDHI proposed to be outstanding on a fully-diluted basis after giving effect to the Spin-Out.

Designation of Security	Number	Percentage
New Shares issued and outstanding	84,069,352	100%
Total non-diluted and fully diluted share capital of FDHI	84,069,352	100%

Available Funds and Principal Purposes

Funds Available

The funds available to FDHI post-closing of the Spin-Out are estimated at $4,532,181**.**

Type of Funds	Amount
Estimated consolidated working capital of FDHI as at February 29, 2024	$4,532,181
Total	$4,532,181

Principal Purposes of Funds

The following budgeted amounts are estimates of the principal purposes to which these available funds of FDHI post-closing of the Spin-Out will be applied:

Principal Purpose	Amount
Cash and cash equivalents	$4,915,452
Receivable	$34,797
Marketable securities	$72
Inventories	Nil
Prepaid expenses	$14,689
Accounts payable and accrued liabilities	$432,828
General working capital	$4,532,181
Total	$4,532,181

FDHI will spend the funds available to it after completion of the Spin-Out to carry out its business objectives. For more information, see "*Part IV – Information Concerning FDHI Post-Arrangement – Narrative Description of the Business*". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is anticipated that the primary source of these funds is anticipated to be equity and/or debt financings.

Dividends

It is expected that FDHI will retain future profits to finance further growth and that FDHI will not pay dividends in the near future.

Principal Securityholders

To the knowledge of FDHI, no Persons are expected to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the New Shares after giving effect to the Transaction. Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

If the Spin-Out is successfully completed, it is expected that the FDHI Board will continue to be comprised of Jeremy Ross, Anthony Paterson, Ali Sodagar, Dominic Stann, and Arthur Kwan. It is expected that the management of FDHI will consist of Jeremy Ross (Chief Executive Officer), Chelsea Rusche (President and Chief Operating Officer), Ryan Cheung (Chief Financial Officer and Corporate Secretary), and Ali Sodagar (Chairman).

The following table sets out the name of each of the individuals who will continue to serve as directors and officers of FDHI, their respective proposed positions and offices with FDHI, their respective principal occupations during the five preceding years and the number of New Shares that each will own upon completion of the Transaction.

Name, municipality of residence and proposed position with FDHI	Principal Occupations for the Previous Five Years	Number	Percentage
Jeremy Ross Vancouver, B.C. *Director and Chief Executive Officer*	Director of Canamera Energy Metals since November 2020; Consultant of Apollo Gold Corp. since March 2020; Consultant of Lithium Chile Inc. since March 2017; President of Blackhill Consultants; Director of Huntsman Exploration since May 2019	1,325,000	1.58%

Name, municipality of residence and proposed position with FDHI	Principal Occupations for the Previous Five Years	Number	Percentage
Anthony Paterson Vancouver, B.C. *Director*	CEO of Canamera Energy Metals Inc. since July 2023; Director of Levante Biosciences Inc. since October 2022; President of TKO Consulting Ltd.; CEO of District Mines Ltd. since July 2020; Director of FDHI since February 13, 2020	1,645,340	1.96%
Ali Sodagar Vancouver, B.C. *Director and Chairman*	Lawyer at Sodagar & Company; Director of FDHI since February 25, 2022	Nil	Nil
Dominic Stann Vancouver, B.C. *Director*	President of Made Digitally since 2014; Director of FDHI since February 25, 2022	Nil	Nil
Arthur Kwan Calgary, A.B. *Director*	President & Chief Executive Officer of The Newly Institute since January 2021; President & Chief Executive Officer of CannaIncome Fund between January 2018 and March 2021; and President & Chief Executive Officer of Seven Leaf Ventures between September 2018 and March 2020; Director of FDHI and FDI since February 28, 2022	Nil	Nil
Ryan Cheung Vancouver, B.C. *Chief Financial Officer and Corporate Secretary*	Director of Gallagher Security Corp. since May 2017; director of SKRR Exploration Inc. since May 2017; director of Midasco Capital Corp. since 2009; CFO of Strathmore Plus Uranium Corp. since May 2017; CFO of Monumental Minerals Corp. since June 2020; CFO of Defense Metals Corp. since April 2019; CFO of Fission Uranium Corp. between May 2020 and April 2021; and CFO of Shine Minerals Corp. since May 2017; and CFO and Corporate Secretary of FDHI and FDI since July 8, 2022	Nil	Nil
Chelsea Rusche Knoxville, Tennessee *President and Chief Operating Officer*	President of FDHI and FDI since August 18, 2022; and COO of FDHI and FDI since May 26, 2022; Founder of Health Atlas Guide LLC between April 2021 to September 2023; Director of Operations and VP of Operations of FDI since December 2021; and Strategic Initiatives Manager of Full Circle Brands LLC between October 2018 to October 2020;	Nil	Nil

If the Spin-Out is completed, the proposed directors and officers of FDHI as a group will control, directly or indirectly, an aggregate of 7,770,795 New Shares, representing approximately 9.24% of the outstanding New Shares on a non-diluted basis.

Each director will hold office until the next annual meeting of FDHI Shareholders or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause.

The following is a brief biography of each of the proposed directors and officers of FDHI.

Ali Sodagar – *Director and Chairman*

Mr. Sodagar is a Vancouver lawyer and Trade-Mark Agent with Sodagar & Company and practices in the areas of business law and civil litigation. In addition to his practice, Mr. Sodagar acts for many business people and companies (domestic and international) for their corporate and commercial matters. Mr. Sodagar has also appeared before all levels of court in British Columbia.

Jeremy Ross – *Director and Chief Executive Officer*

Mr. Ross has over 24 years of experience in venture capital financings and serving in various roles for a number of successful public companies. Mr. Ross was a director and consultant for Fission Uranium Corp. and Fission Energy Corp. (TSX Venture Top 50 Company). He was also the head of corporate development for Able Auctions and Smart Tire systems, both of which graduated from the OTC-BB to the NYSE.

Anthony Paterson – *Director*

Mr. Paterson is an accomplished venture and private equity investor skilled in financing, business development, and operations. He has significantly contributed to the success of numerous start-ups by raising over $50M in capital across industries such as life sciences, consumer packaged goods, and natural resources. As a lead investor with Zephyr Venture Partners, Anthony has raised $10M for biotech and biopharmaceutical firms like Ashvathha Therapeutics and Breathe Diagnostic. He has also secured over $20M for CPG companies, FDHI and Healthy Hippo Naturals. Notably, his involvement in Prime Mining's bridge loan financing during its early stage led to a market capitalization increase from $20M to $500M. Mr. Paterson has served as a director for a number of publicly listed companies and has developed a strong financing expertise and significant experience guiding start-ups with strong growth potential.

Dominic Stann – *Director*

Mr. Stann has over 20 years of experience working with Consumer Packaged Goods. At the early age of 23, Mr. Stann successfully launched a ‘functional juice’ line - “M13”. These products were pioneers in the emerging health beverage category, a sector that is now valued at nearly $60B. The “M13” was then distributed in North America to retailers such as Whole Foods and Holt Renfrew. Mr. Stann’s passion in understanding DTC (direct to consumer) models led him to affiliate marketing with one of the largest health product players at the time, followed by direct mail and e-commerce. Mr. Stann’s passion is driven by incorporating community through commerce and technology.

Arthur Kwan – *Director*

Mr. Kwan began his investment career in 1997 with TD Asset Management. Arthur has since held increasingly senior investment banking positions with Scotia Capital, PI Financial, and Paradigm Capital, where he was Managing Director, Investment Banking. He has led the origination, negotiation, and execution of many investment banking transactions including: mergers, acquisitions, divestitures, initial public offerings, short-form prospectus offerings, private placements of equity, debt, and hybrid securities, restructurings, refinancings, and reorganizations. Over his career, he has successfully originated, advised, negotiated, and executed on transactions with an aggregate value exceeding $1 billion.

Chelsea Rusche – *President and Chief Operating Officer*

Ms. Rusche is a Design Operations professional with over 14 years of improving digital and physical operations systems and workflows for companies seeking rapid growth. Ms. Rusche has been instrumental in the development of major operational channels for FDHI, and brings her hands-on enthusiasm and operational expertise to FDHI’s vision moving forward. She also brings her significant experience in e-commerce and retail consumer food clients in niche industry scaling EDI, and the development and strategizing of 3PL integration to FDHI.

Ryan Cheung – *Chief Financial Officer and Corporate Secretary*

Mr. Cheung, CPA, CA, has been providing accounting, management, securities regulatory compliance services to private and public-listed companies for the past fifteen years. He began his career in CA-public practice in 2003 articling with a boutique and mid-sized firm eventually specializing in Canadian listed entity compliance and related securities services. In 2008, Mr. Cheung founded Midland Chartered Accountants Ltd. and focused on providing tax and integrated accounting and advisory solutions to private companies and high net worth individuals with a heavy emphasis on maintaining strong professional relationships. Mr. Cheung's financial expertise includes financial and accounting management, administrative services, advice relating to capital markets, managing company finances, including financial planning, management of financial risks, recordkeeping, and financial reporting, as well as strategic and tactical matters relating to budget management, pro-forma financial statement compilation, cost–benefit analysis, and forecasting needs. Mr. Cheung currently sits as a director and/or senior officer of several Canadian listed entities. Mr. Cheung holds a Bachelor of Commerce degree from the University of Victoria and is a member of the Chartered Professional Accountants of British Columbia.

Promoter Consideration

The following individual may be considered to have been promoters of FDHI for the two years immediately preceding the date of this Circular:

	New Shares to be beneficially owned or over which control will be exercised		
Name, municipality of residence	**Number**	**Percentage (1)**	**Value of other consideration received from FDHI**
Jeremy Ross *Vancouver, BC*	4,063,868[1]	4.83%	NA

Notes:
1. Mr. Ross is anticipated to be the registered owner of 1,325,000 New Shares and beneficially own 2,738,868 New Shares through Blackhill Consultants Inc., a company wholly-owned and controlled by Mr. Ross.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no proposed director officer or promoter of FDHI or a securityholder anticipated to hold a sufficient number of securities of FDHI to affect materially the control of FDHI, has been, during the ten years prior to the date of this Circular, a director, officer or promoter of any Person that, while that Person was acting in that capacity,

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

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

Jeremy Ross was previously a director of the reporting issuer, Speakeasy Cannabis Club Ltd. ("**Speakeasy**") , between April 4, 2018 and June 27, 2019. Speakeasy was subject to cease trade orders issued by the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission on December 3, 2018 for failure to file its annual financial report for the period ended July 31, 2018 and annual management's discussion and analysis for the period ended July 31, 2018 (the "**Required Records**") in a timely manner. Following the filing of the Required Records, the British Columbia Securities Commission issued full revocation orders on February 5, 2019 revoking the cease trade order.

Anthony Paterson is a current director of FDHI since February 13, 2020. Ali Sodagar is a current director and chairman of FDHI since February 25, 2022 and March 8, 2022, respectively. Dominic Stann and Arthur Kwan are current directors of FDHI since February 25, 2022. Chelsea Rusche was Chief Operating Officer of FDHI since May 26, 2022. FDHI was subject to cease trade orders issued by the Alberta Securities Commission, Saskatchewan Securities Commission and the British Columbia Securities Commission on June 3, 2022, for failing to file its interim financial report for the period ended March 31, 2022, interim management's discussion and analysis for the period ended March 31, 2022, and certification of interim filings for the period ended March 31, 2022 (the "**Continuous Disclosure Documents**") in a timely manner. The British Columbia Securities Commission issued full revocation orders revoking the cease trade order on June 6, 2022, following the filing of the Continuous Disclosure Documents.

Penalties or Sanctions

None of the foregoing proposed directors, officers or promoters of FDHI, or securityholders anticipated to hold a sufficient number of securities of FDHI, to affect materially the control of FDHI has been subject to:

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

(b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely to be considered important to a reasonable security holder making a decision about the Arrangement, Arrangement Resolution, or Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of FDHI, or any securityholder anticipated to hold a sufficient number of securities of FDHI, or a personal holding company of any such Person, has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Audit Committee

Assuming completion of the Spin-Out, it is proposed that the FDHI Board will establish an Audit Committee comprised of Ali Sodagar, Arthur Kwan and Dominic Stann, all of whom will be considered "independent" of FDHI as that term is defined in National Instrument 52–110 – *Audit Committees*. Also, all of the Audit Committee members are "financially literate" as defined in National Instrument 52–110 – *Audit Committees*. The Audit Committee will oversee the retention, performance and compensation of FDHI's independent auditor, and oversee and establish procedures concerning systems of internal accounting and control.

Financial Literacy

National Instrument 52–110 – *Audit Committees* provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by FDHI's financial statements. All the proposed members of the Audit Committee of FDHI are financially literate as such term is defined in National Instrument 52–110 – *Audit Committees*.

Relevant Education and Experience

A description of the relevant education and experience of the three individuals expected to be members of the Audit Committee is set out above. See "*Part IV – Information Concerning FDHI Post-Arrangement - Directors, Officers and Promoters - Name, Address, Occupation and Security Holdings*".

Compensation and Governance Committee

Assuming completion of the Spin-Out, it is proposed that the FDHI Board will also establish a Compensation and Governance Committee comprised of Ali Sodagar, Arthur Kwan and Dominic Kwan who will all be considered "independent" as that term is defined in National Instrument *58-101 – Disclosure of Corporate Governance Practices*.

Ali Sodagar will not be considered "independent" as that term is defined in *National Instrument 58-101 – Disclosure of Corporate Governance Practices*. The Compensation and Governance Committee will be charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of FDHI. In addition, the Compensation and Governance Committee will be responsible for:

(i) assessing the effectiveness of the FDHI Board, each of its committees and individual directors; (ii) overseeing the recruitment and selection of candidates as directors of FDHI; (iii) organizing an orientation and education program for new directors and coordinating continuing director development programs; (iv) considering and approving proposals by the directors to engage outside advisers on behalf of the FDHI Board as a whole or on behalf of the independent directors; (v) reviewing and making recommendations to the FDHI Board concerning any change in the number of directors composing the FDHI Board; (vi) administering any stock option or purchase plan of FDHI Board or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of FDHI; (viii) reviewing and approving the compensation paid by FDHI, if any, to consultants of FDHI; and (ix) reviewing and making recommendations to the FDHI Board concerning the level and nature of the compensation payable, if any, to the directors and officers of FDHI.

Conflicts of Interest

Certain proposed directors and officers of FDHI currently, or may in the future, act as directors or officers of other companies and, consequently, it is possible that a conflict may arise between their duties as a director or officer of FDHI and their duties as a director or officer of any other such company. There is no guarantee that while performing their duties for FDHI, the directors or officers of FDHI will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favor of FDHI.

In accordance with the BCBCA, directors must keep the FDHI Board advised, on an ongoing basis, of any interest that could potentially conflict with those of FDHI. FDHI will also establish protocols setting out:

- the structures and procedures which are in place to ensure that the consideration by the FDHI Board and management of FDHI's business and the business of its subsidiaries is undertaken free from any actual, or the appearance of any, conflict of interest; and

- the requirement and process for each director to declare any interest he or she has in the matter being considered by the FDHI Board and appropriate measures to be taken upon that declaration.

Where the FDHI Board believes a significant conflict exists, the director concerned will not receive the relevant board documentation and will not be present at the FDHI Board's meeting while the item is considered.

The proposed directors and officers of FDHI are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that FDHI will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the BCBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of FDHI following closing of the Spin-Out that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Ali Sodagar	Izotropic Corporation *Canada*	CSE	Director	May 25, 2017	Present
Jeremy Ross	1355379 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present
	1355381 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Jeremy Ross	1355384 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present
	Clear Gold Resources Inc. *British Columbia*	NEX	CEO and Director	March 30, 2021	Present
	Optimum Ventures Ltd. *British Columbia*	N/A	Director	December 20, 2019	June 29, 2021
	Huntsman Exploration Inc. *British Columbia*	TSXV	Director	May 5, 2019	Present
	Speakeasy Cannabis Club Ltd. *British Columbia*	CSE	Director	April 4, 2018	June 27, 2019
	International Battery Metals Ltd. *British Columbia*	CSE	Director	August 17, 2017	Present
	SKRR Exploration Inc. *British Columbia*	TSXV	Director	October 18, 2016	Present
	District Mines Ltd. *British Columbia*	NEX	Director	September 19, 2014	Present
Anthony Paterson	Canamera Energy Metals Inc. *British Columbia*	CSE	CEO	July 1, 2023	Present
	1355379 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
	1355381 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
	1355384 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
	District Mines Ltd. *British Columbia*	NEX	Senior Officer	July 31, 2020	Present
Ryan Cheung	Fuse Battery Metals Inc. *British Columbia*	TSXV	Director	April 17, 2023	Current
	Longhorn Exploration Corp. *British Columbia*	TSXV	CFO	April 27, 2021	Current
	Bright Minds Biosciences Inc. *British Columbia*	CSE, NASDAQ	CFO	January 29, 2021	Current
	Copper King Resources Corp. *British Columbia*	N/A	Senior Officer	January 13, 2021	Current
	Samurai Capital Corp. *British Columbia*	TSXV	Senior Officer	December 17, 2020	Current
	Alma Gold Inc *British Columbia.*	TSXV, OTC	CFO	November 6, 2020	April 8, 2021
	Rex Resources Corp. *British Columbia*	TSXV	CFO	July 29, 2020	January 17, 2022
	Monumental Energy Corp. (formerly Monumental Minerals Corp.) *British Columbia*	TSXV	CFO	June 15, 2020	Current
	Fission Uranium Corp. *Canada*	TSX	CFO	May 20, 2020	April 1, 2021
	F3 Uranium Corp. (formerly Fission 3.0 Corp.) *Canada*	TSXV	CFO	May 4, 2020	Current
	Generation Gold Corp. (formerly Jessy Ventures Corp.) *British Columbia*	TSXV	Senior Officer	March 17, 2020	January 19, 2023
	Voltage Metals Corp. *British Columbia*	CSE, OTC	CFO	September 4, 2019	April 19, 2022
	US Critical Metals Corp. (formerly Holly Street Capital Ltd.) *British Columbia*	CSE	CFO	July 31, 2019	April 12, 2022

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Ryan Cheung	Red Lake Gold Inc. *British Columbia*	CSE	CFO	May 31, 2019	April 8, 2021
	Defense Metals Corp. *British Columbia*	TSXV	CFO	April 4, 2019	Current
	Telo Genomics Corp. *Canada*	TSXV, OTC, FSE	CFO and Director	September 17, 2018	February 3, 2022
	New Placer Dome Gold Corp.	N/A	CFO	July 31, 2018	May 13, 2022
	DMG Blockchains Solutions Inc.	N/A	CFO	September 1, 2017	July 31, 2021
	Xtacy Therapeutics Corp. (formerly Global Wellness Stratgies, and formerly Redfund Capital Corp.) *British Columbia*	CSE, OTC, FSE	CFO	September 1, 2017	July 1, 2019
	Genesis AI Corp. (fornerly Gallagher Security Corp.) *British Columbia*	CSE	CFO	May 29, 2017	Current
	Strathmore Plus Uranium Corp. *British Columbia*	TSXV, OTC	CFO	May 29, 2017	Current
	Shine Minerals Corp. *British Columbia*	TSXV	CFO	May 29, 2017	Current
	SKRR Exploration Inc. *British Columbia*	TSXV	CFO	May 25, 2017	Current
	Spark Energy Minerals Inc. (formerly Maxtech Ventures Inc.) *British Columbia*	CSE, OTC, FSE	CFO	February 14, 2017	May 2, 2019
	Dixie Gold Inc. *Alberta*	TSXV, OTC, FSE	CFO	November 28, 2015	April 8, 2021
	Koryx Copper Inc. (formerly Deep-South Resources Inc.) *British Columbia*	TSXV	CFO/Director	May 3, 2012	February 24, 2020
	Midasco Capital Corp. *British Columbia*	TSXV	Director	March 1, 2009	Current
Arthur Kwan	Bow Lake Capital Corp. *British Columbia*	TSXV	Senior Officer	December 30, 2021	Current
	Reem Capital Corp. *British Columbia*	TSXV	Director, Senior Officer	November 18, 2021	Current
	Crystal Pool Capital 2.0 Inc. *Alberta*	N/A	Senior Officer	September 14, 2021	Current
	Stem Holdings Inc. *Nevada*	CSE	Director	March 9, 2020	November 30, 2020
	MAACKK CAPITAL CORP. (formerly CAPGAIN PROPERTIES INC.) *British Columbia*	N/A	Director	October 21, 2019	Current
	High Tide Inc. *Alberta*	NASDAQ, FSE, TSXV	Director	November 20, 2018	Current

The above information was provided by the proposed directors and officers of FDHI.

Proposed Statement of Executive Compensation

Compensation Discussion and Analysis

The purpose of the Compensation Discussion and Analysis is to provide information about FDHI's executive compensation objectives and process and to discuss compensation relating to the President and Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers, other than the CEO and CFO, regardless of the amount of such compensation (collectively, the NEOs). It is anticipated that the NEOs of FDHI will be as follows: Jeremy Ross (Chief Executive Officer), and Ryan Cheung (Chief Financial Officer).

The FDHI Board plans to discuss and determine management compensation without reference to formal criteria. The general objective of FDHI's compensation will be to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; and (iii) ensure that the total compensation package is designed in a manner that takes into account the constraints under which FDHI will operate given that it will be a development-stage company.

Compensation for the NEOs of FDHI will be determined following the closing of the Transaction and will be in line with similar junior mining exploration companies.

Compensation Governance

It is proposed that the FDHI Board will establish a Compensation and Governance Committee. For more information, see "*Directors, Officers and Promoters – Compensation and Governance Committee*". The Compensation and Governance Committee will ensure that total compensation paid to all NEOs is fair and reasonable and accomplishes the long-term objectives of FDHI noted above.

Stock Option Plans and Other Incentive Plans

It is expected that the FDHI Board will continue to grant stock options pursuant to the existing FDHI Option Plan.

Pension Plan Benefits

No benefits are proposed to be paid to any of FDHI's NEOs or directors of FDHI under any pension or retirement plan or under any deferred compensation plan during the twelve months following completion of the Transaction.

Termination and Change of Control Benefits

It is expected that FDHI will not have any employment or consulting agreements for the provision of management services with any third-parties, and such employment or consulting agreements will not contain any provisions for the payment of termination or severance fees other than as is customary at common law or as is required under applicable employment legislation.

Proposed Compensation of Directors

The Compensation and Governance Committee will determine the amount and form of the compensation provided to directors who are also not NEOs to be paid during the twelve-month period following the completion of the Transaction. The compensation provided is expected to be determined by the FDHI Board with reference to industry practice and may take the form of fees, share-based awards and option-based awards, as determined by the FDHI Board. FDHI will reimburse directors for out-of-pocket expenses related to their attendance at meetings.

Directors' and Officers' Insurance

After completion of the Spin-Out, FDHI expects to maintain insurance for its benefit and the benefit of its directors and officers as a group consistent with industry practice and with reference to FDHI's stage of development.

Indebtedness of Directors and Officers

No individual who is a director or officer of FDHI, and no associate of such individual, is, or was at any time during the most recently completed financial year of FDHI, (i) indebted to FDHI or a Subsidiary of FDHI, or (ii) was indebted to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by FDHI or a Subsidiary FDHI.

Investor Relations Arrangements

FDHI has not entered into any written or oral agreement or understanding with any Person to provide any promotional or investor relations services for FDHI.

Options to Purchase Securities

Stock Option Plan

After completion of the Arrangement, the stock option plan of FDHI will continue to be the existing FDHI Option Plan. The FDHI Option Plan was approved by FDHI Shareholders at FDHI's annual general meeting held on September 22, 2023. For additional information regarding the FDHI Option Plan refer to the section titled "*Part III – Information Concerning FDHI – Option Plan*".

Options to Purchase Securities

At the closing of the Transaction, there will be nil Options issued and outstanding.

Escrowed Securities

Upon completion of the Transaction, to the knowledge of FDHI and FDI, 4,681,485 New Shares (the "**Escrowed Securities**") held by certain FDHI Shareholders, who were previously considered Principals (as defined in TSXV policies) of FDHI in connection with the FDI Amalgamation, will continue to be subject to value security escrow for Tier 2 issuers. For details regarding the FDI Amalgamation see the section titled "*Part V – Information Concerning FDI – History*". As part of the FDI Amalgamation, these FDHI Shareholders were subject to the applicable escrow under the escrow agreement (the "**Escrow Agreement**") dated February 25, 2022 among the resulting issuer, being FDHI, the escrow agent and the escrowed parties. The following table lists the names of the owners of the securities who will continue to be subject to escrow under the Escrow Agreement and the number of Escrowed Securities held at the date of this Circular and after giving effect to the Transaction.

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Principal	**Designation of Class**	**Number of FDHI Shares held in Escrow**	**Percentage of Class**	**Number of New Shares held in Escrow**	**Percentage of Class**
Jeremy Ross *Vancouver, BC*	Common	285,000	0.34%	285,000	0.34%
Blackhill Consultants Inc.(1) *Vancouver, BC*	Common	821,661	0.98%	821,660	0.98%
Anthony Paterson *Vancouver, BC*	Common	493,602	0.59%	493,602	0.59%
Ashley Chamberland(2) *Vancouver, BC*	Common	45,759	0.05%	45,760	0.05%
Perfect Storm Holdings Ltd.(3) *Vancouver, BC*	Common	472,217	0.56%	472,217	0.56%
Andrew Bowering *Vancouver, BC*	Common	435,000	0.52%	435,000	0.52%
Lu Ma(4) *Vancouver, BC*	Common	609,496	0.72%	609,496	0.72%
Ivan Lo *Vancouver, BC*	Common	993,750	1.18%	993,750	1.18%
Tyler Ross *Vancouver, BC*	Common	525,000	0.62%	525,000	0.62%

Notes:

1. Blackhill Consultants Inc. is a company wholly-owned and controlled by Jeremy Ross.
2. Ms. Chamberland is the spouse of Anthony Paterson who resides in the same residence.
3. Perfect Storm Holdings Ltd. is a company wholly-owned and controlled by Anthony Paterson.
4. Ms. Ma is the spouse of Andrew Bowering.

The Escrowed Securities will be released as follows:

Value Escrow Securities for Tier 2 Issuers – Release Schedule	
Release Dates	**Percentage of Total Escrowed Securities to be Released**
Date of Final TSXV Bulletin approving the FDI Amalgamation[(1)]	10%
6 months following Final Approval	15%
12 months following Final Approval	15%
18 months following Final Approval	15%
24 months following Final Approval	15%
30 months following Final Approval	15%
36 months following Final Approval	15%
TOTAL	100%

Notes:

1. The TSXV provided final approval of the FDI Amalgamation on February 25, 2022. The next release date, being 30 months following Final Approval, was on August 25, 2024.

Escrowed Securities may not be sold, assigned, transferred, redeemed, surrendered or otherwise deal with in any manner except as provided for by the Escrow Agreement, subject to receiving TSXV approval. In certain transactions such as a statutory arrangement (i.e. the Arrangement), Escrowed Securities may be released to the depositary provided that TSXV approval is obtained and the procedures as set out in the Escrow Agreement are followed. Securities received in exchange for the Escrowed Securities in such transactions will be subject to escrow on the same terms as the Escrow Agreement unless they are exempt from escrow. Escrowed Securities may be transferred within escrow to an individual who is a director or senior officer of FDHI or any of its operating subsidiaries, provided that the approval of the TSXV is obtained and certain requirements of the TSV are met, including that the transferee agrees to be bound by the terms of the Escrow Agreement. Escrowed Securities may be transferred within escrow to a registered retirement savings plan ("**RRSP**") or a registered retirement income fund ("**RRIF**") provided that the TSXV receives proper notice of the same, the beneficiaries of the RRSP or RRIF agrees to be bound by the terms of the Escrow Agreement. In the event of death of a holder of Escrowed Securities, the Escrowed Securities will be released to the legal representative of the deceased security holder subject to compliance with the procedural requirements in the Escrow Agreement.

Escrowed Securities held by Persons who are not individuals will provide undertakings to the TSXV that they will not issue securities of their own issue or effect or permit a transfer of ownership of securities of their own issue that would have the effect of changing the beneficial ownership of, or control or direction over, the Escrowed Securities.

Auditor, Transfer Agent and Registrar

It is expected that following the completion of the Spin-Out, Davidson & Company, 1200 – 609 Granville Street, Vancouver, BC, V7Y 1H4, will continue as the auditors of FDHI.

It is expected that Odyssey Trust Company, 409 Granville Street, Vancouver, BC V6C 1T2, will continue as the transfer agent and registrar for the New Shares.

Risk Factors

There are certain risk factors relating to FDHI and the business it intends to carry-on which should be carefully considered by FDHI Shareholders.

Exploration, Development and Production Risks

An investment in New Shares is speculative due to the nature of FDHI's involvement in the evaluation, acquisition, exploration and, if warranted, development and production of minerals. Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by FDHI will result in new discoveries in commercial quantities.

While FDHI has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of FDHI depends on its ability to find, acquire and commercially develop reserves. No assurance can be given that FDHI will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, FDHI may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge will not eliminate. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. FDHI must rely upon consultants and contractors for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that minerals will be discovered in sufficient quantities at any development – stage mineral projects to justify commercial operations or that funds required for additional exploration or development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in FDHI not receiving an adequate return on invested capital.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the near future or that FDHI will be profitable in the future. FDHI's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production, if any, of any property FDHI may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and FDHI's acquisition of additional properties and other factors, many of which are beyond FDHI's control. FDHI expects to incur losses unless and until such time as any of its properties enter generate sufficient revenues to fund its continuing operations. The development of any property FDHI may acquire an interest in will require the commitment of substantial resources to conduct the time-consuming exploration and development of such properties. There can be no assurance that FDHI will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Additional Funding Requirements

From time to time, FDHI may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause FDHI to miss certain acquisition opportunities. If FDHI's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

Prices, Markets and Marketing of Natural Resources

The marketability and price of natural resources which may be acquired or discovered by FDHI will be affected by numerous factors beyond its control. Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection are all factors which may affect the marketability and price of natural resources. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in FDHI not receiving an adequate return for shareholders.

Foreign Operations

Should FDHI acquire in the future any mineral operations that are located outside of Canada, its operations would be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties may include, but are not limited to: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; changes in taxation policies; and changing political conditions, social unrest and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of or purchase supplies from a particular jurisdiction.

FDHI’s activities may be subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

A number of other approvals, licenses and permits are required for various aspects of mineral exploration and mine development. While FDHI will use its best efforts to ensure title to any mineral properties it acquires continues into the future, these interests may be disputed, which could result in costly litigation or disruption of operations. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on FDHI’s mineral projects.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on FDHI’s operations or future profitability.

Enforcement of Civil Liabilities

If FDHI acquires any assets that are located outside of Canada, it may not be possible to enforce against FDHI and certain of its directors and experts named herein judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Environmental Risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third-parties and may require FDHI to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect FDHI’s financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. FDHI does not currently operate any active mineral property.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on FDHI and cause increases in capital expenditures or production costs or a reduction in levels of production at producing properties or require abandonment or delays in developments of new properties.

Dilution

In order to finance future operations and development efforts, FDHI may raise funds through the issuance of New Shares or securities convertible into New Shares. The constating documents of FDHI allow it to issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by the directors of FDHI, in many cases, without the approval of shareholders. FDHI cannot predict the size of future issues of common shares or securities convertible into common shares or the effect, if any, that future issues and sales of shares will have on the price of the shares. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of FDHI.

Regulatory Requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of FDHI and while it does not currently have any active operations, in future, could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the mineral projects in which FDHI acquires an interest. To the extent such approvals are required and not obtained, FDHI may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on FDHI and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of any prospective properties it acquires.

Permits and Licenses

Any future operations of FDHI will require licenses and permits from various governmental authorities. There can be no assurance that FDHI will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of any projects it acquires in the future.

Availability of Equipment and Access Restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to FDHI and may delay any future exploration and development activities.

Conflict of Interest of Management

Certain of FDHI's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to FDHI will be made in accordance with their duties and obligations to deal fairly and in good faith with FDHI and such other companies.

Competition

FDHI will actively compete for acquisitions, leases, licenses, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater financial resources than FDHI.

FDHI's ability to successfully bid on and acquire property rights to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Insurance

FDHI's involvement in the exploration for and development of natural resource properties may result in FDHI becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although FDHI will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable, or, in certain circumstances, FDHI may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to FDHI. The occurrence of a significant event that FDHI is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on FDHI's financial position, results of future operations or prospects.

No assurance can be given that insurance to cover the risks to which FDHI's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to FDHI or to other companies within the industry. The payment of such liabilities would reduce the funds available to FDHI. Should FDHI be unable to fund fully the cost of remedying an environmental problem, FDHI might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

The Market Price of Shares May Be Subject to Wide Price Fluctuations

The market price of common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of FDHI, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for FDHI, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of FDHI's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the shares.

FDHI is unable to predict whether substantial amounts of shares will be sold in the open market. Any sales of substantial amounts of shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the shares.

Currency Risk

Currency fluctuations may affect the costs FDHI incurs in its future operations. Fluctuation in foreign currencies coupled with stable or declining commodity prices may have an adverse effect on FDHI's earnings, in the event it has any, halt or delay development of new projects, and reduce funds available for further mineral exploration.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. FDHI's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While FDHI will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect FDHI.

PART V – INFORMATION CONCERNING FDI

Corporate Structure

Name and Incorporation

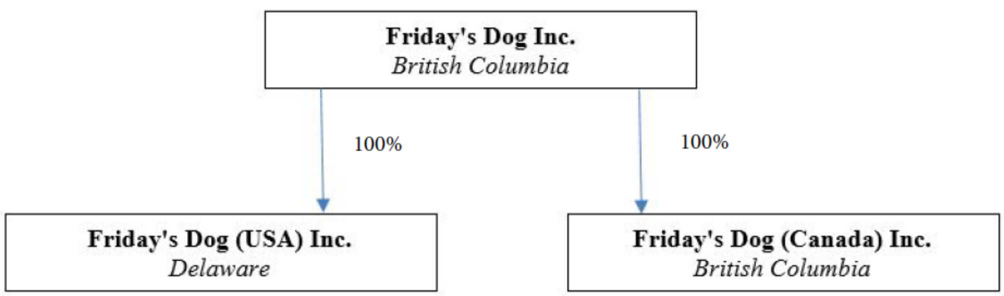
FDI is a private company formed by the amalgamation of the former Friday's Dog Inc. ("**Old FDI**") and BC1308821 B.C. Ltd. pursuant to the BCBCA on February 25, 2022. FDI's head office is located at 710 – 1030 West Georgia Street, Vancouver, BC V6E 2Y3, and its registered and records office is located at 1000 – 595 Burrard Street, Vancouver, BC V7X 1S8.

FDI has two wholly-owned Subsidiaries: Friday's Dog (USA) Inc., a Delaware company and Friday's Dog (Canada) Inc., a corporation resulting from the amalgamation of Old FDI's previous wholly-owned Subsidiary 1248765 B.C. Ltd. ("**BC Co**") and Serapis Lifesciences, Inc. ("**Serapis**"), as further discussed below in "*General Development of the Business History*".

FDI is a wholly-owned Subsidiary of FDHI following its reverse take-over of FDHI on February 25, 2022.

Intercorporate Relationship

The following chart outlines FDI's relationships with its Subsidiaries and includes the percentage of ownership of the Subsidiaries by FDI.



General Development of the Business

Stated Business Objectives

FDI is a business enterprise creating dog care products in grooming, wellness, and "lifestyle" categories primarily using a direct-to-consumer ("**DTC**") sales model. FDI is focused on building a unique brand with products that use natural ingredients and cruelty free testing. FDI has a high margin, diversified canine care product portfolio that initially launched in April 2022 with 9 ready-made products with over 70 other items at varying stages of development in the pipeline for continued DTC distribution.

Business Objectives and Milestones of FDI Following the Spin-Out

The key milestones in 2024 will be to market FDI's products on the Amazon sale platform and utilise D2C channels (including web, TikTok shopping, Pinterest shopping, Meta ad platforms) to grow consumer adoption and conversion in addition to in-person activations.

Following completion of the Spin-out, FDI intends to achieve the following business objectives:

- focus on bottled products to maximize current inventory revenue potential by growing repeat orders from small businesses in the US and leveraging breeder networks from current retail relationships;
- continue grass-roots marketing and advertising through micro partnerships with niche charities seeking high-end dog-related products for ticketed events and fundraisers across the US as well as larger, more established philanthropic organizations with a broader reach;
- shift majority of focus to secure contracts with international distribution and domestic retail;
- prioritize B2B contracts and partnerships with parallel brands and organizations as part of an expanded D2B market penetration strategy; and
- develop domestic retail partnerships by channel with special interest in specialty dog services with CPG retail offerings.

History

On March 26, 2021, Old FDI completed the consolidation of its shares on the basis of 2-to-1.

On April 23, 2021, Old FDI completed a non-brokered financing of convertible debentures of Old FDI for total gross proceeds of $6,300,000. The principal amount of the Old FDI convertible debentures bore interest at a rate of 8% per annum, matures two years after the date of issuance, and were converted into FDI Shares at a conversion price per FDI Share of $0.35 on February 25, 2022 in connection with the closing of the FDI Amalgamation (as defined below).

On June 14, 2021, Old FDI signed its Private Label & Manufacturing Supply Agreement with Synergy. See "*Operations – Manufacturing*" below.

On July 2, 2021, Old FDI entered into a definitive amalgamation agreement (the "**FDI Amalgamation Agreement**") with Cerro Mining Corp. and 1308821 B.C. Ltd., which was later amended on September 17, 2021 and January 19, 2022. Pursuant to the terms of the FDI Amalgamation Agreement, Old FDI, Cerro Mining Corp and 1308821 B.C. Ltd. underwent a three-cornered amalgamation whereby Old FDI and 1308821 B.C. Ltd. amalgamated under the provisions of the BCBCA, to become a wholly-owned Subsidiary of Cerro Mining Corp., which was renamed FDHI (the "**FDI Amalgamation**").

Between September 2021 and December 2021, Old FDI made trademark applications to register "Friday's Dog" products in several goods and services classes in both the United States and Canada.

In December 2021, Old FDI began a US trademark application in the following classes of products and services:

- 003: Pet shampoos; Shampoos for pets
- 005: Dietary nutritional supplements, skin/haircare (medicated)
- 008: Shears; Hair cutting scissors
- 018: Pet restraining devices, clothing, carriers
- 020: Crate covers and accessories, pet beds
- 021: Grooming tools for pets, namely, combs and brushes
- 028: Toys for pets
- 031: Dog food; Edible pet treats; Pet food

On February 25, 2022, Old FDI completed the FDI Amalgamation resulting in the reverse take-over of Cerro Mining Corp. and in consequence of the FDI Amalgamation:

- Cerro Mining Corp. was renamed FDHI;
- the Old FDI amalgamated with 1308821 B.C. Ltd. and continued as one corporation also named FDI;
- All of the property of Old FDI and 1308821 B.C. Ltd. continued as the property of FDI;
- FDI continued to be liable for all liabilities of each Old FDI and 1308821 B.C. Ltd.; and
- FDI became a wholly-owned Subsidiary of FDHI.

Pursuant to the FDI Amalgamation, common shares of Old FDI ("**Old FDI Shares**") outstanding prior to the completion of the FDI Amalgamation were exchanged for common shares of Cerro Mining Corp. at a 1-to-1 ratio. All Old FDI Shares were cancelled. Pursuant to the FDI Amalgamation Agreement, an aggregate of 43,923,424 FDHI Shares were issued to FDI Shareholders with a value of $26,354,054.40. All of the common shares in 1308821 B.C. Ltd. were exchanged for an equal number of Old FDI Shares. As consideration for each common shares in Cerro Mining Corp. issued pursuant to the FDI Amalgamation, FDI issued to Cerro Mining Corp. one FDI Share at a ratio of 1-to-1. In addition, FDHI issued 1,750,000 FDHI Shares as finder's fees with a value of $1,050,000.

The FDI Amalgamation was not an Arm's Length Transaction. At the time the parties entered into the FDI Amalgamation, Andrew Bowering, was President, CEO and director of Cerro Mining Corp. and a shareholder and former director of FDI; and Anthony Paterson was a director of Cerro Mining Corp. and a shareholder of FDI. As a result of their relationship to both of the parties to the FDI Amalgamation, Messrs. Bowering and Paterson were considered to be Non-Arm's Length Parties to the FDI Amalgamation; therefore, the FDI Amalgamation required approval by disinterested shareholders of Cerro Mining Corp. which it received at the annual general and special meeting held on February 22, 2022.

In August 2022, FDI launched 6 SKUs in the wash and care category and 3 SKUs in the treats category.

In December 2022, FDI and FDHI entered into a mutual release and settlement agreement with the estate of a former officer of FDI with regards to certain creditor claims FDI filed against the assets of such estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. See "*Part III – Information Concerning FDHI – General Development of the Business*" for more information.

On June 6, 2023, FDI entered into an arrangement agreement (the "**2023 Arrangement Agreement**") with FDHI pursuant to which FDI agreed to complete a spin-out transaction (the "**2023 Spin-Out**") pursuant to a plan of arrangement in accordance with the BCBCA. The proposed 2023 Spin-Out involved the spin-out of the issued and outstanding FDI Shares to FDHI Shareholders and concurrent to a proposed business combination transaction (the "**Business Combination**") with a wholly-owned Peruvian Subsidiary of American Lithium Corp., Macusani Uranium SAC.

On July 17, 2023, FDI and FDHI entered into a termination agreement terminating the 2023 Arrangement Agreement as a result of market conditions for new listings and the concurrent financing in connection with the Business Combination. See "*Part III – Information about FDHI – General Development of The Business - History*" for more details regarding the Business Combination.

Products

The heightened awareness of environmental issues has increased the consumer demand for manufactured goods that reduce pets' exposure to harmful chemicals and toxic ingredients.

In response to public demand to reduce exposure to harmful chemicals and toxic ingredients, FDI focuses on removing all such ingredients from its product formulas without compromising on product performance. FDI works with manufacturers that have already tested and provided reliable scientific evidence of the proven effectiveness of ingredients used in the FDI product formulas.

The manufacturers are compliant with Good Manufacturing Practices ("**GMP**") which are systems created and mandated by the government to regulate production activities including starting materials, sanitation and cleanliness of the premises, equipment verification and process validation of many consumer products including personal care, cosmetics, and food and drugs, to ensure that finished products are effective and safe for market distribution. GMP usually requires documented proof of consistent adherence to established procedures at every step in the production process. GMP ensure that all products have been tested for safety and efficacy and meet or exceed industry standards.

The dog care products industry is extremely competitive. All efforts and objectives of product makers and sellers are geared toward maintaining a loyal client base to achieve repeat sales. The product lines for FDI were created with contents and formulations that provide a simple, clear solution to minimize consumer confusion and encourage repeat sales.

FDI has a portfolio of products targeting a diversity of dog breeds. The depth and breadth of FDI's product portfolio provides more storytelling/marketing opportunities for a wider consumer market.

The initial product portfolio for FDI consists of 9 SKUs which are focused on wash and care products, high quality dental care products, and premium treats. All products, both the dog grooming and dog treats, will be free of additives and toxins, with cruelty-free testing.

The remaining SKUs in FDI's future portfolio includes up to 70 additional products across multiple categories for eventual release.

FDI had an initial product launch in the First Quarter of 2022. There was 6 SKUs in the wash and care

category and 3 SKUs in the treats category. The average cost of goods for these 9 items is US$3.80, with and an average retail price of US$20 - $30. FDI successfully launched all 9 SKUs on Amazon as of August 2022.

A pet's skin is their largest organ, and anything used on their skin and coat can be absorbed into the body. It is therefore important to avoid bathing any pet with anything that might be toxic or an irritant. Ingredients that should not be used in human hair care formulations such as formaldehyde paraben preservatives, and sulfates (SLS) have similar toxic impact on our pets. Because our pets are mammals, they also suffer allergic reactions, skin irritation,

reproductive or neural system toxicity, and cancer when exposed to these types of chemicals.

Following a careful review and assessment of all competitors' dog care products that are currently available in the same categories, product briefs were prepared, and FDI engaged Synergy to develop the formulas with ingredients that would produce the attributes desired. While there are no regulations that hold manufacturers to standards for ingredient purity, all FDI grooming products have non-toxic ingredients.

Mega Brilliance - Whitening Shampoo
Whitening Shampoo is specially formulated for pets with white coats to effectively remove stains and coat yellowing - this formula leaves coat and skin clean and healthy, while eliminating dingy, dirty stains and odors.

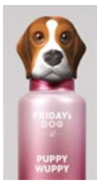
Oater Coater- Oatmeal Shampoo
Oatmeal Shampoo is an anti- itch/itch relief formula that is specially formulated for pets with dry, itchy skin and leaves coat and skin clean and deodorized, without irritating sensitive skin.

Oater Coater - Oatmeal Conditioner
Oatmeal Conditioner is an anti-itch/itch relief formula, specially formaulated for pets with dry, itchy skin. It is created to provide rich conditioning while soothing and moisturizing coat and skin.

Oodle Doodler - 6 in 1 Shampoo

Clean, Moisturize (Detangle), Soothe (Calm), Deodorize, Protect, Enhance

Multi-tasking shampoo - contains safe and gentle ingredients that clean, deodorize, condition, and protect pet's skin and coat.



Puppy Wuppy - Puppy Tearless Shampoo

Puppy Shampoo (made for puppies and/or pets with allergies and/or sensitive skin) is a mild pH balanced, hypo-allergenic, tearless formulation that includes ingredients that will form a protective shield around the hair shaft to lock-in moisture and create brilliant shine, while also gently releasing tangles.

Snacktabulous - Salmon Jerky

Made for dogs of all sizes - these delicious fishy treats are made from real Alaskan Salmon jerky. Perfect for promoting healthy teeth and gums, they make a great reward snack, with minimal fishy smell.

Snacktabulous - Chicken Breast and Sweet Potato

A great combination of flavours delivering quality protein, and essential vitamins and minerals. Formulated with an enjoyable chewy texture - these delectable treats, reduce tartar build up in your furry friends' teeth.

Snacktabulous Peanut Butter and Sweet Potato Fries

These nutritious vegan dog treats promote health habits for your FDI. Perfect as a snack, or a reward treat - this exciting flavour combination will get tails wagging.

Operations

Manufacturing

FDI leverages business relationships with contract manufacturers who developed product formulations and manufacture the pet wash and care products for the initial 6 SKUs, and the 3 SKUs for treats in FDI's portfolio. It is most expedient, efficient, and cost effective to do business with these companies which are recognized as industry leaders in providing quality products in the pet care categories. Management is confident it has identified contract manufacturers with the appropriate capacity, quality assurance and regulatory compliance to produce their products.

FDI entered into a Private Label and Manufacturing Supply Agreement with Synergy of Fort Lauderdale, Florida. Synergy is in the business of manufacturing specialty consumer products and associated packaging materials and will be the contract manufacturer for the pet wash and care products formulation and packaging. Synergy follows a rigorous series of rules and procedures to meet its standards for quality control. Its laboratory, manufacturing practices and systems in place are compliant with GMP, EPA and FDA, HAZMAT, NASC, as well as OSHA regulations. Synergy has top-of-the-line laboratory and chemical batching equipment, packaging, and digital printing technology.

Synergy will from time-to-time purchase manufacturing materials as needed. In Synergy's sole discretion these materials will be purchased in economically appropriate quantities to fulfill FDI's orders or projected orders or based upon historic ordering patterns. Such materials include raw material ingredients (natural or otherwise) that are contained in the product formula, product labels produced specifically for FDI's products, components for packaging as well as cartons and display materials.

FDI has no right, title or interest in any Synergy trademark, trade name or, patent or patent application and is not authorized to use any Synergy trademark or trade name. However, FDI is currently developing proprietary formulations which include natural ingredients such as moringa oil. Synergy or a similar manufacturer will be contracted to assemble FDI's proprietary formulas under FDI's trademark, as these formulas are established.

It is anticipated that all FDI approved orders will be shipped directly to FDI's distribution and only after receipt of a written order from FDI. Either party may terminate the agreement with or without cause, at any time upon 90 (ninety) days written notice.

The contract manufacturers have expansive, state of the art facilities. Should sales volume require an increase in production, it is expected it could be accommodated. FDI will continue to work with these manufacturing resources for like products, and will utilize high quality and reputable resources for other items that will be developed for the Friday's Dog brand.

Packaging

Packaging for products for the dog market needs to be visually appealing, confident, and sustainable. Recyclable materials, vibrant designs and convenient dispensing options can help pet products stand out in this highly competitive industry.

The liquid-based pet care products will be packaged in plastic bottles, or food safe, resealable, flexible packaging. Generic containers which come in a variety of shapes, and volumes and functional tops (pour, spray, pump, dropper) provide the base to which distinctive details are then added to customize the packaging.

The initial bottled product lines are packaged in custom bottles with custom dog head over-caps. The packaging design plays a vital role in reinforcing the value proposition. The communication provided on the bottles (or treat bags) is an additional way to advertise the product and reinforce the brand objectives.

FDI's products are sold in containers topped with distinctive, iconic bottlecaps. Individual colors identify various products.

As with the contract manufacturing, FDI had opted to work with a packaging (manufacturing) broker named Stephen Gould, an Arm's Length Party, and a packaging supplier/distributor - Superior Packaging. A packaging broker is a type of company or individuals that buys custom packaging from a manufacturer and resells to the customer or bids out packaging projects to multiple companies for the best price. A packaging broker handles the money and paperwork and ensures that the production houses are GMP. Packaging distributor companies buy and warehouse substantial amounts of various kinds of stock packaging that they resell to customers.

Stephen Gould acted as the representative (packaging broker) on behalf of FDI to the factory/toolmaker that manufactures plastic and silicone products and/or its current or future derivative products as created and designed by FDI, and to coordinate the preparation of molds, manufacture, and importation of these products from China into the United States at a port of entry in the United States chosen by Gould.

FDI entered into a Manufacturing Supply Agreement with Superior pursuant to which Superior supplied the initial 240,000 units in total of plastic bottles and caps which originated in either Mexico or the US and delivered to FDI's contract manufacturer, Synergy in North Carolina via pallet. FDI purchases the products and pays for any import or export permits that may occur on the purchase.

Quality control is imperative for mass production. FDI performs their own testing with their co-packers, graphics/artistic partners, or any other relevant business entities before agreeing to move to mass production.

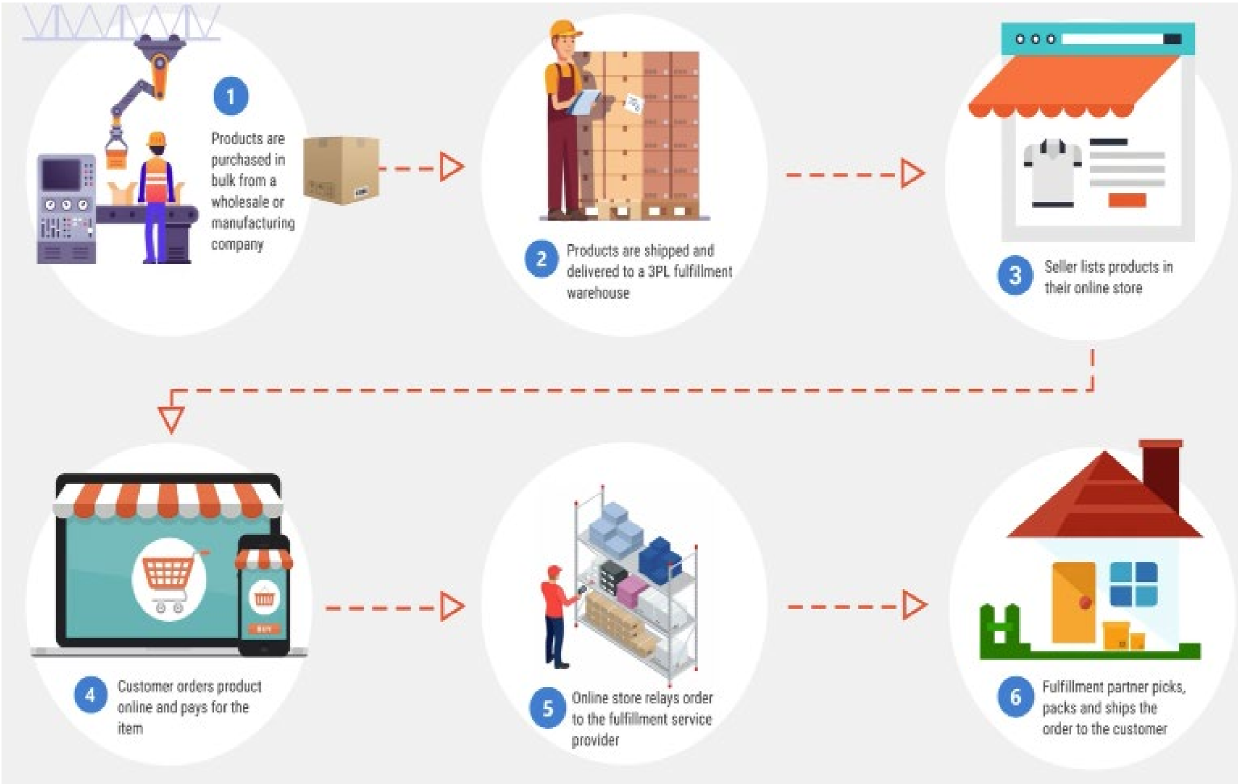
Fulfillment

The Fulfillment process begins when final produced and packaged product is delivered to FDI’s warehouse(s). Products are sent in bulk to these facilities and are stored, awaiting individual consumer shipping. Products are “picked and packed” and sent via carriers to individuals in a timely manner. Any returns of product also are routed back to the fulfillment facility.

Fulfillment for FDI is handled by a third-party logistics company (“**3PL**”) which offers inventory warehousing, logistics, shipping, order processing, transactional management, and reporting services for direct-to-consumer and retail distribution. Sales are captured at FDI’s website (a Shopify based platform – an industry standard). While FDI’s Amazon sales are shipped from Amazon distribution centers (which are supplied in bulk quantities from FDI’s warehouse).

A majority of costs related to fulfillment are transactional “per functional service” in nature. A majority of fixed costs would be due to receiving of bulk inventory and product storage. As a result of using 3PL providers, FDI will be able to minimize the use of additional personnel to manage the logistics of inventory, warehousing and picking/packing and shipping orders.

How Does E-commerce Order Fulfillment Work?



[1]

Fulfillment.com, LLC, a company based in Savannah, Georgia that is an Arm's Length Party to FDI, was engaged by FDI to provide fulfillment services up until May 2023. FDI currently engages a company named Outsource Logistics which allows for the use of an overflow facility as a primary warehouse for FDI's needs relating to retail shipping and storage services.

Market

Pet Care

The pet industry has witnessed rapid growth due to the humanization of pets. Many owners consider their pets "members of the family" and purchase supplies that are designed to cater to the health and hygiene needs of their pets. Wash and care merchandise such as pet shampoo has become an essential product to keep animals clean and hygienic and to maintain the shine and brightness of their coat. Other wash and care products also prevent the common skin problems related to germs, fleas, and ticks, among others. All these factors are anticipated to bode well for pet wash and care product demand.

According to a recent report published by Allied Market Research, an Arm's Length Party to FDI, the global pet grooming products market size was valued at US$3,800,000,000 in 2017 and is projected to reach US$5,500,000,000 in 2025.[2] The global pet shampoo and conditioner market is expected to grow at a CAGR of 5.0% between 2019 and 2025, with North America dominating with a CAGR of 3.9% in terms of value.[3]

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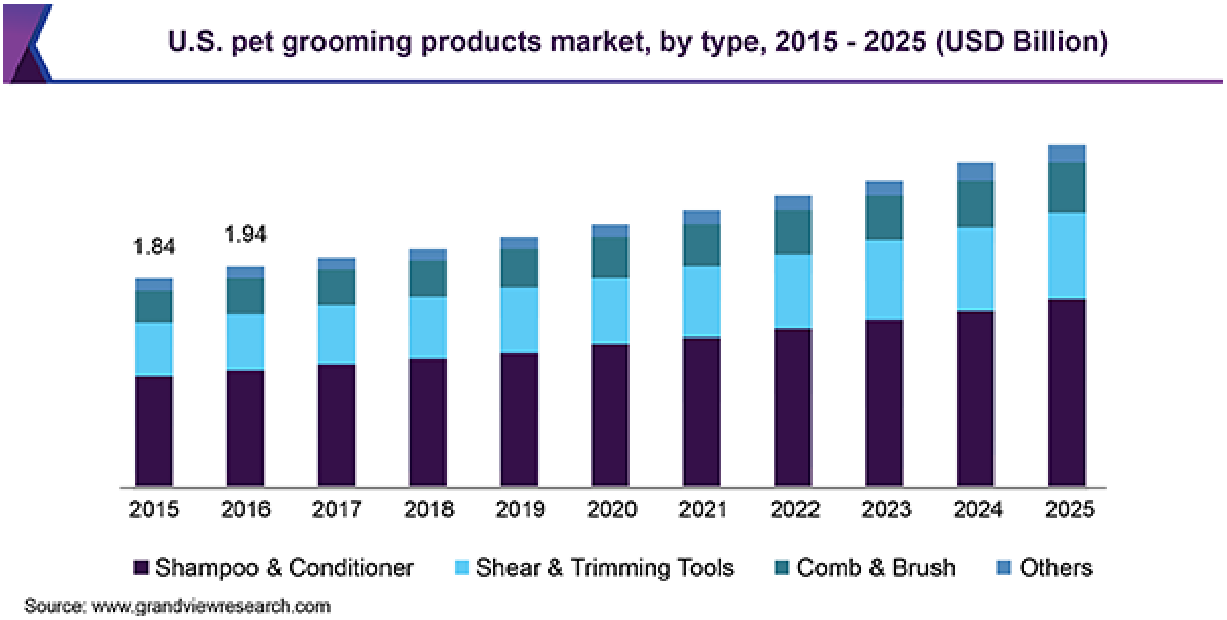
[1] Datexcorp, How Does Order Fulfillment Work, 2020, https://www.datexcorp.com/how-does-order-fulfillment-work/,(sourced May 10, 2020)

[2] Pet Grooming Products Market Overview- News Release, https://www.globenewswire.com/news-release/2019/11/14/1946977(accessed January 3, 2021)

[3] Pet Hair Care Market- Growth, Trends and Forecast (2020-2025, https://research and markets.com, (accessed January 3, 2021)

The US pet grooming products market accounts for nearly 30% of the global market. The household segment is expected to register the fastest CAGR of 6.7% from 2019 to 2025, owing to the increasing adoption of companion animals across the globe. [4]



Historically, the pet care industry is one of the few that is considered recession proof, because bad economic times have not reduced revenues. Pet-care spending even grew during the past two recessions: 29% during the 2001 recession and 17% during the 2008-09 recession.[5] Despite the economic slowdown experienced worldwide due to the COVID-19 pandemic, the pet care products industry has adapted through increased online marketing.

The online platform or distribution channel has witnessed exponential growth due to the rise in the penetration of the internet and smartphones and the development of the e-commerce industry. In 2019, retail e-commerce sales worldwide amounted to US$3.53 trillion and e-retail revenues were projected to grow to US$6.54 trillion in 2022. In the US, revenue from online sales are projected to at least double by 2024.[6]

In addition to e-commerce through the corporate website, FDI will market the products on multi-channel televised shopping services (QVC). QVCs offer distinctive entrepreneurial brands and products, such as the FDI products. QVC customers are remarkably brand loyal, as much as 92% are repeat customers.

Market Segmentation

The pet care market in North America is well matured in terms of consumers and available products in the market. Pet industry experts such as Philip Cooper, an Arm's Length Party to FDI, have noted several trends that are contributing to pet care market growth. These include online private brands, healthier food and treat ingredients, technology, increased services and direct to consumer product sales.

The pet care market is mainly comprised of pet health care and pet food. Pet owners are taking to premium food products and creative grooming commodities to care for their domestic pets. This has considerably raised the spending limit of pet owners, thereby adding to the growth of the global market for pet products. Key factors such as pet owners accepting their pets as family members due to altering cultural and socioeconomic considerations, as well

[4] Pet Grooming Products Market Overview- News Release, https://www.globenewswire.com/news-release/2019/11/14/1946977(accessed January 3, 2021)
[5] Robert Ross, Opinion: A Recession proof industry you can count on pet care, 2019. https://www.marketwatch.com/story/a-recession-proof-industry-you-can-count-on-pet-care-2019-07-02, (accessed April 23, 2020).
[6] J. Clements, E-commerce in the United States – Statistics and Facts, 2019, https://www.statista.com/topics/2443/us-ecommerce, (accessed April 23, 2020).

increasing disposable income of pet owners belonging to the middle-income group, are anticipated to continue the advancement of the market.[7]

Most pets require regular cleaning for their hairy coats owing to activities in outdoor settings. Lack of cleaning processes can also increase the risk of bacterial growth, ticks, fleas, and infections. Consequently, manufacturers are focusing on the development of medicated and all natural, sustainable ingredient offerings owing to higher levels of awareness in pet care, especially for dog breeds such as Yorkshire Terriers, Shih Tzu, Chow Chow, Bernese Mountain Dogs, Golden Retrievers, and Poodles. With such trends, shampoos and conditioners are accounting for the largest and fastest growing segments in terms of product type, accounting for a market share of approximately 60%, with a healthy CAGR of ~5%. This growth can be largely attributed to basic needs of hygiene for companion animals, and the development of products specifically as solutions to skin ailments.

Major players such as Amazon and Chewy.com are promoting their own brands to disrupt the market and eliminate middleman margins. Other smaller, niche players are likewise creating brands with their own identity. FDI's wash and care (grooming) products, dental and health supplement products, and treats are premium niche products are marketed direct-to-consumer.

Marketing Plans and Strategies

FDI is focusing its marketing strategy and sales efforts on direct-to-consumer channels. FDI targets its promotional campaigns in digital paid media, utilizing such platforms as Facebook, Instagram, You Tube, and Google Search. Customers order at either FDI's website or directly on retail platforms such as Amazon. The information regarding these purchases can be found in FDI's CRM platform for the purpose of managing the "customer experience" and re-marketing to customers via outbound email, SMS, and other database marketing initiatives. FDI launched all 9 SKUs on Amazon as of August 2022 outpacing forecasted sales with month-over-month growth in units sold and revenue earned. Two Amazon affiliate content programs have also been completed and FDI has transitioned to a new, multi-funnel agency partner to optimize new video advertising content for higher view traffic, re-marketing and increase ROAS through offensive and targeted advertising strategy.

The key to the business will be customer lifetime value. This will be obtained by "bundling" products for the initial and future orders such as having the consumer purchase multiple complementing products to increase every sale. The "back-end" marketing (remarketing) to customers will involve recurring sales techniques like monthly auto ship programs and outbound sales of additional items.

There are two additional resources used to secure orders for FDI's branded products – Amazon and home televised shopping. Although shoppers purchasing through these platforms are considered a "customer of the platform," they are also buyers of a significant volume of FDI's product. Amazon sales are at higher profit margins, and customers are often repeat buyers. Televised shopping is managed by large sales events and also has positive profit margins. These higher margins are the direct benefit of FDI's branded digital marketing efforts in cooperation with resale platforms.

FDI pitched to four major televised shopping networks globally with three confirming next stage interest for test show series potentially featuring all 9 SKUs for networks in Australia, Canada and the US.

The initial efforts to procure customers for the brand and the ability to market to customers after they are part of the "customer database," are the two key elements behind the advertising and promotion plan for FDI.

FDI utilises multiple sales channels to create the initial sale and market to the customer on the back end. These efforts will require digital advertising assets – both static and video based – and will be created by FDI's agency partners based on channel-target-audience need.

FDI uses several digital and social media networks including the major paid digital channels, Facebook, Instagram, Google, and YouTube. Because of the sheer number of active users on these platforms, advertising spend invested in digital and social media channels will be significant. The key advantages of digital and social media

[7] Pet Care Market - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast 2016 – 2024, 2019, https://www.transparencymarketresearch.com/pet-care-market.html, (accessed April 26, 2020).

advertising are the ability to reach specific target audiences, to leverage a variety of ad formats, and enable PR driven influencer outreach. Every social media platform has analytic tools which can track the results of advertising and promotions efforts. Monitoring site visits and click throughs, can help determine the effectiveness of advertising. However, the COVID-19 pandemic has made social media networks even more popular than anticipated, attracting a wider demographic.

FDI has weekly sales growing steadily with Chewy.com since June 2023 in partnership with Click Industries, a third-party buyer, reseller and marketing firm.

FDI also utilises influencers to promote their brand and explore the use of affiliate marketing. In addition, affiliates could attract consumers to secured sites to increase the customer base. They would be paid on a transaction basis which reduces FDI's marketing investment. Influencers are a great resource because they can add credibility to your brand. FDI engages well known celebrities and industry professionals such as dog groomers and individuals established in the dog care field. Influencers can be a source of high-margin product sales and add to the customer base for FDI's brand.

Branding

Branding is a major component of effective marketing because it improves recognition, creates trust, supports advertising, builds financial value, and generates new customers. Acquiring brand loyalty or repeat business is the goal of most businesses. Branding allows customers and clients to know what to expect from your company. It is a way of distinguishing yourself from the competitors and clarifying what it is you offer that makes you the better choice. A brand represents the sum of consumers' perception of a company's products, customer service, reputation, advertising, and logo.

FRIDAY's
DOG

The most profitable companies, small and large, have established themselves as a leader in their industry by building a strong brand, starting with a strong logo. FDI's product logos were designed to support their marketing strategy. The Friday's Dog logo is playful and communicates a wholesome "family" appeal. The design features a unique font, and is simple enough to be memorable, but powerful enough to convey the right impression.

The logos, branding, packaging designs and FDI's branded E-Commerce focused website were finalized and introduced to the public during FDI's First Quarter 2022 launch.

Segmentation and Personalization – FDI's Strategic Positioning

FDI works to obtain information on dogs and their owners when new customers purchase their initial products. Information such as dog breed, size, age, and even name will be secured during the purchasing transaction, and FDI attempts to determine the number of dogs that the customer has. This information allows FDI to segment and target future products and offers to customers based on these demographics, as well the customers' product buying habits. This is considered "relationship marketing", and is carried out not only in future customer purchases but in FDI's "Customer Experience" (Customer Service) operations.

Competitive Conditions

Pet Care

Dog shampoo is a universal product across brands, and a good indicator of brand position. Most direct competitors sell product in 16-ounce bottles, whereas FDI products is in a more economical 12-ounce size.

Overall competitor shampoo pricing summary, ordered by price per bottle

Competitive Set: Pricing Matrix for Shampoo

product	Dirty Dog Shampoo Earthbath	Wild Ginger Shampoo John Paul Pet	Deep Cleaning Shampoo Isle of Dogs	TropicClean Lime & Coconut Deshedding Shampoo Tropiclean	Calm Sensitive Dog Shampoo Rocco & Roxie	Aloe & Oatmeal Shampoo Max-Bone	Cuddly-Coat Grooming Shampoo Kiehl's	Conditioning Shampoo for Dogs Wild One	Dog Body Wash Vanderpump Pets	Dog Shampoo Malin + Goetz	Pooch Vitamin Enriched Shampoo Les Poochs	Animal Wash Aesop
price	$9.19	$12.99	$12.99	$13.99	$16.97	$17.00	$25.00	$25.00	$28.00	$28.00	$30.00	$40.00
product size	*16 fl. oz*	*16 fl. oz*	*16 fl. oz*	*20 fl. oz*	*16 fl. oz*	*12 fl. oz*	*17 fl. oz*	*16 fl. oz*	*17 fl. oz*	*16 fl. oz*	*16 fl. oz*	*17 fl. oz*
price per fl. oz	$0.57	$0.81	$0.81	$0.70	$1.06	$1.42	$1.48	$1.56	$1.65	$1.75	$1.88	$2.37
available for sale on brand website?	Mass Distribution: Amazon, Chewy, etc.	Mass Distribution: Amazon, Chewy, etc.	✕	Mass Distribution: Amazon, Chewy, etc.	✕	✕	✕	✕	✕	✕	✕	✕
subscription option?					✕ *Save 5%*	✕ *$100 annual membership for 20% off every purchase*		✕ *Save 10% w/ kit subscription (shampoo+wipes)*				
charitable?*	✕	✕		✕		✕	✕	✕	✕			

[8]

FDI offers a luxury experience across all touchpoints including branding, messaging, and imagery. There is an opportunity to focus on a single pet care category – grooming - because luxury competitors do not have a full grooming offering to compete. As product development continues there will be a luxury focus in determining the optimal packaging of products and extending even to trending topics for targeted paid advertising.

Pricing

Developing the pricing for the products took into consideration five variables: costs, customers, positioning, competitors, and profit margins. The costs involved in running the business include the fixed costs and direct costs. FDI's fixed monthly costs are low as they there are minimal overheads for personnel, and offices. The direct costs, or the expenses incurred by producing and delivering the products are the bulk of the spend, along with promotion and marketing. The target customers are attracted by ingredient quality, therefore the brand can be positioned as a premium or luxury brand, which will support a higher price point.

Factors such as competitor pricing for similar products, level of service offered for that pricing, and how competitors were positioned in the marketplace were considered in establishing an industry benchmark for FDI's product pricing. FDI aims to achieve and maintain an 85% gross profit margin. The FDI products pricing are based on cost plus mark-up, aligned with the competitive market. Most of the competitor group's pet shampoos are priced within the US$20-40 range. FDI will be priced at US$30.

FDI stays abreast of changes in the marketplace to ensure profit margins are not affected by innovation or competition. Competitor's pricing can be monitored easily because most products are sold online.

[8] Extracted from Affinity Partners Research Report prepared for FDI, February 2020.

Intellectual Property

FDI filed for trademark registration “Friday's Dog” products in several goods and services classes in the United States on December 15, 2021.

In January 2021, FDI adopted the name “Friday’s Dog” to allow for better positioning of product mix and several other key benefits. Management believes that recognizing diversity in dog breeds at launch ensures more consumers “see” themselves and their dogs in FDI's vision, provides opportunities to connect emotionally and opens up storytelling and marketing opportunities. The new packaging concepts use multiple dog heads to indicate product range and underscore Friday's Dog's big differentiator – the line has breadth and embraces all breeds of dogs.

On September 26, 2023, FDI successfully registered the trademark for “Friday's Dog” in class 3 products for animals which includes the following:

- non-medicated shampoos
- hair conditioners
- hair texturizers
- skin toners
- skin and hair lotions
- skin and hair cremes
- hair rinses
- skin and hair emollients
- fragrance sprays and urine stain remover
- cleaning agents and preparation for household purposes
- pet fragrances

The following table sets out the details of names which were submitted for US trademark registration and their trademark application status.

Trademark	Serial Number	Status
FRIDAY'S DOG	97173307	Registered
MEGABRILLIANCE	97173309	Registration Review Complete
OATER COATER	97173312	Registered
OODLE DOODLER	97173313	Registered
MIGHTY MOUTH	97173308	Registered
PUPPY WUPPY	97009718	Registered

Selected Financial Information And Management's Discussion And Analysis

The following table presents selected carve-out financial information for FDI for the interim nine-month period ended September 30, 2023 and each of the last fiscal years ended December 31, 2022, 2021, and 2020. The information set out below is derived from and should be read in conjunction with the reviewed carve-out interim and audited carve-out annual financial statements of FDI and the related notes thereto as at and for the interim nine-month period ended September 30, 2023 and the fiscal years ended December 31, 2022, 2021 and 2020 and the related notes thereto, which are appended to this Circular at Schedules "G" and "H", respectively.

Consolidated Financial Information	Interim nine-month period ended September 30, 2023 (reviewed)	Year ended December 31, 2022 (audited)	Year ended December 31, 2021 (audited)	Year ended December 31, 2020 (audited)
Revenues	$443,437	$157,281	Nil	Nil
Total expenses (operating loss)	$(682,762)	$(4,612,578)	$(3,215,694)	$(1,922,648)
Total Assets	$1,128,449	$1,233,507	$2,317,244	$16,620
Total liabilities	$4,028,484	$3,615,850	$6,061,094	$1,296,359
Net Loss	$(517,692)	$(5,363,983)	$(2,545,818)	$(3,270,078)
Basic and diluted net loss per share	$(0.01)	$(0.13)	$(0.10)	$(0.16)

Management's Discussion and Analysis

The Management's Discussion and Analysis of FDI for the interim nine-month period ended September 30, 2023 and the fiscal years ended December 31, 2022, 2021, and 2020 are appended to the Circular at Schedule "I" and "J", respectively.

Trends

Management is not presently aware of any trends, commitments, events or uncertainties that could be reasonably expected to have a material effect on the business, financial condition or results of operations.

Dividends or Distributions

FDI has not declared, and does not intend to declare, cash dividends or distributions on its securities. FDI's policy will be to retain earnings, if any, in order to finance future growth. FDI has no intention of paying any dividends in the foreseeable future. Any future decision to pay cash dividends will be left to the discretion of the FDI Board and will depend on FDI's financial position, operating results and capital requirements at the time as well as such other factors that the FDI Board may consider relevant.

Pro Forma Consolidated Capitalization

The following table sets out the share and loan capital of FDI, based on the unaudited pro forma condensed consolidated financial statements of FDI for the interim period ending September 30, 2023 after giving effect to the Transaction. There have been no material changes since September 30, 2023.

Authorized Capital	Amount outstanding after giving effect to the Transaction
Capital Stock	$9,563,751
Contributed Surplus	Nil
Deficit	($12,463,786)

Description of Securities

FDI is authorized to issue an unlimited number of Common shares ("**FDI Shares**").

Common Shares

The holders of FDI Shares are entitled to: (i) one vote per share at all meetings of shareholders; (ii) receive any dividend declared by FDI on the FDI Shares; and (iii) subject to the special rights and restrictions attaching to any other class of FDI Shares, receive the remaining property of FDI upon dissolution, liquidation or winding up.

Fully-Diluted Share Capital

The following table sets out the number and percentage of securities of FDI proposed to be outstanding on a fully-diluted basis after giving effect to the Transaction.

Designation of Security	Number authorized or to be authorized	Number outstanding after giving effect to the Spin-Out	Percentage after giving effect to the Spin-Out
Common Shares	43,923,424	43,923,424	100%

Principal Holders of Shares

As at March 7, 2024, to the knowledge of FDI, no Person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding FDI Shares after giving effect to the Transaction.

Prior Sales

No FDI Shares were issued within the twelve months prior to the date of this Circular.

Stock Exchange Price

There is currently no public market for FDI Shares.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

The following table sets out the names of the directors and executive officers of FDI and, the positions and offices which they presently hold with FDI, their respective principal occupations and the number of FDI Shares which each beneficially owns, or controls or directs, directly or indirectly, as of the date of this Circular. The terms of office of all directors will expire as of the date of the next annual general meeting or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

Name of Nominee, Residence and Present Positions Held	Principal Occupation	Director or Officer Since	Number of Shares Beneficially Owned, Controlled or Directed (1)
Jeremy Ross *Vancouver, British Columbia* *Director and Chief Executive Officer*	President of Blackhill Consultants Inc.	Director since December 2, 2022; Chief Executive Officer since May 26, 2022; interim-President between May 26, 2022 and August 18, 2022	Nil
Anthony Paterson *Vancouver, British Columbia* *Director*	CEO of Canamera Energy Metals Inc. since July 2023; Director of Levante Biosciences Inc. since October 2022; President of TKO Consulting Ltd.; CEO of District Mines Ltd. since July 2020; Director of FDHI since February 13, 2020	Director since February 28, 2022	Nil
Chelsea Rusche *Knoxville, Tennessee* *Director*	President of FDHI and FDI since August 18, 2022; and COO of FDHI and FDI since May 26, 2022; Founder of Health Atlas Guide LLC between April 2021 to September 2023; Director of Operations, and VP of Operations of FDI since December 2021; and Strategic Initiatives Manager of Full Circle Brands LLC between October 2018 to October 2020;	Chief Operating Officer since May 26, 2022; President since August 18, 2022	Nil
Ryan Cheung *Vancouver, British Columbia* *Chief Financial Officer and Corporate Secretary*	Owner of MCPA Services Inc., Chartered Professional Accountants , since 2008; director and officer of Canadian listed issuers since 2008	Chief Financial Officer, Corporate Secretary since July 8, 2022	Nil

The following is a brief biography of each of the directors and officers of FDI.

Jeremy Ross – *Director and Chief Executive Officer*

Mr. Ross has over 24 years of experience in venture capital financings and serving in various roles for a number of successful public companies. Jeremy was a director and consultant for Fission Uranium Corp. and Fission Energy Corp. (TSX Venture Top 50 Company). He was also the head of corporate development for Able Auctions and Smart Tire systems, both of which graduated from the OTC-BB to the NYSE.

Anthony Paterson – *Director*

Mr. Paterson is an accomplished venture and private equity investor skilled in financing, business development, and operations. He has significantly contributed to the success of numerous start-ups by raising over $50M in capital across industries such as life sciences, consumer packaged goods, and natural resources. As a lead investor with Zephyr Venture Partners, Anthony has raised $10M for biotech and biopharmaceutical firms like Ashvathha Therapeutics and Breathe Diagnostic. He has also secured over $20M for CPG companies, FDHI and Healthy Hippo Naturals. Notably, his involvement in Prime Mining's bridge loan financing during its early stage led to a market capitalization increase from $20M to $500M. Mr. Paterson has served as a director for a number of publicly listed companies and has developed a strong financing expertise and significant experience guiding start-ups with strong growth potential.

Chelsea Rusche –*Director*

Ms. Rusche is a Design Operations professional with over 14 years of improving digital and physical operations systems and workflows for companies seeking rapid growth. Ms. Rusche has been instrumental in the development of major operational channels for FDI, and brings her hands-on enthusiasm and operational expertise to FDI's vision moving forward. She also brings her significant experience in e-commerce and retail consumer food clients in niche industry scaling EDI, and the development and strategizing of 3PL integration to FDHI.

Ryan Cheung – *Chief Financial Officer and Corporate Secretary*

Mr. Cheung, CPA, CA, has been providing accounting, management, securities regulatory compliance services to private and public-listed companies for the past fifteen years. He began his career in CA-public practice in 2003 articling with a boutique and mid-sized firm eventually specializing in Canadian listed entity compliance and related securities services. In 2008, Mr. Cheung founded Midland Chartered Accountants Ltd. and focused on providing tax and integrated accounting and advisory solutions to private companies and high net worth individuals with a heavy emphasis on maintaining strong professional relationships. Mr. Cheung's financial expertise includes financial and accounting management, administrative services, advice relating to capital markets, managing company finances, including financial planning, management of financial risks, recordkeeping, and financial reporting, as well as strategic and tactical matters relating to budget management, pro-forma financial statement compilation, cost–benefit analysis, and forecasting needs. Mr. Cheung currently sits as a director and/or senior officer of several Canadian listed entities. Mr. Cheung holds a Bachelor of Commerce degree from the University of Victoria and is a member of the Chartered Professional Accountants of British Columbia.

Promoter Consideration

FDHI may be considered as the promoter of FDI within the meaning of Canadian Securities Laws in that it took the initiative in substantially organizing the business of FDI.

Corporate Cease Trade Orders or Bankruptcies

Other than described below, no director or executive officer of FDI is, or within the 10 years before the date of this Circular has been, a director, chief executive officer or chief financial officer of any company that (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that individual was acting in the capacity of director, chief executive officer or chief financial officer.

For the purposes of the preceding paragraph, "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, and which, in each case, was in effect for a period of more than 30 consecutive days.

Jeremy Ross was previously a director of the reporting issuer, Speakeasy Cannabis Club Ltd. ("**Speakeasy**") , between April 4, 2018 and June 27, 2019. Speakeasy was subject to cease trade orders issued by the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission on December 3, 2018 for failure to file its annual financial report for the period ended July 31, 2018 and annual management's discussion and analysis for the period ended July 31, 2018 (the "**Required Records**") in a timely manner. Following the filing of the Required Records, the British Columbia Securities Commission issued full revocation orders on February 5, 2019 revoking the cease trade order.

Anthony Paterson is a current director of FDHI since February 13, 2020. Ali Sodagar is a current director and chairman of FDHI since February 25, 2022 and March 8, 2022, respectively. Dominic Stann and Arthur Kwan are current directors of FDHI since February 25, 2022. Chelsea Rusche was Chief Operating Officer of FDHI since May 26, 2022. FDHI was subject to cease trade orders issued by the Alberta Securities Commission, Saskatchewan Securities Commission and the British Columbia Securities Commission on June 3, 2022, for failing to file its interim financial report for the period ended March 31, 2022, interim management's discussion and analysis for the period ended March 31, 2022, and certification of interim filings for the period ended March 31, 2022 (the "**Continuous Disclosure Documents**") in a timely manner. The British Columbia Securities Commission issued full revocation orders revoking the cease trade order on June 6, 2022, following the filing of the Continuous Disclosure Documents.

No director, or executive officer of FDI, or a shareholder holding a sufficient number of securities of FDI to affect materially the control of FDI is, at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company that, while that individual was acting in that capacity, or within one year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, or executive officer of FDI, or a shareholder holding a sufficient number of securities of FDI to affect materially the control of FDI or personal holding company of a proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director

Personal Bankruptcies

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

The above information was provided by the directors and officers of FDI.

Other Reporting Issuer Experience

The following table sets out the directors and officers of FDI that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Anthony Paterson	Canamera Energy Metals Inc. *British Columbia*	CSE	CEO	July 1, 2023	Present
	1355379 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
Anthony Paterson	1355381 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
	District Mines Ltd. *British Columbia*	NEX	Senior Officer	July 31, 2020	Present
	1355384 B.C. Ltd *British Columbia*	N/A	Director, Senior Officer	January 25, 2023	Present
Jeremy Ross	District Mines Ltd. *British Columbia*	NEX	Director	September 19, 2014	Present
	SKRR Exploration Inc. *British Columbia*	TSXV	Director	October 18, 2016	Present
	International Battery Metals Ltd. *British Columbia*	CSE	Director	August 17, 2017	Present
	Speakeasy Cannabis Club Ltd. *British Columbia*	CSE	Director	April 4, 2018	June 27, 2019
	Optimum Ventures Ltd. *British Columbia*	TSXV	Director	December 20, 2019	June 29, 2021
	Huntsman Exploration Inc. *British Columbia*	TSXV	Director	May 5, 2019	Present
	Clear Gold Resources Inc. *British Columbia*	NEX	CEO and Director	March 30, 2021	Present
	1355379 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present
	1355381 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present
	1355384 B.C. Ltd *British Columbia*	N/A	Director	January 25, 2023	Present
Ryan Cheung	Fuse Battery Metals Inc. *British Columbia*	TSXV	Director	April 17, 2023	Current
	Friday's Dog Holdings Inc. *British Columbia*	TSXV	CFO	July 8, 2022	Current
	Longhorn Exploration Corp. *British Columbia*	TSXV	CFO	April 27, 2021	Current
	Bright Minds Biosciences Inc. *British Columbia*	CSE, NASDAQ	CFO	January 29, 2021	Current
	Copper King Resources Corp. *British Columbia*	N/A	Senior Officer	January 13, 2021	Current
	Samurai Capital Corp. *British Columbia*	TSXV	Senior Officer	December 17, 2020	Current
	Alma Gold Inc *British Columbia*.	TSXV, OTC	CFO	November 6, 2020	April 8, 2021
	Rex Resources Corp. *British Columbia*	TSXV	CFO	July 29, 2020	January 17, 2022
	Monumental Energy Corp. (formerly Monumental Minerals Corp.) *British Columbia*	TSXV	CFO	June 15, 2020	Current
	Fission Uranium Corp. *Canada*	TSX	CFO	May 20, 2020	April 1, 2021
	F3 Uranium Corp. (formerly Fission 3.0 Corp.) *Canada*	TSXV	CFO	May 4, 2020	Current

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Ryan Cheung	Generation Gold Corp. (formerly Jessy Ventures Corp.) *British Columbia*	TSXV	Senior Officer	March 17, 2020	January 19, 2023
	Voltage Metals Corp. *British Columbia*	CSE, OTC	CFO	September 4, 2019	April 19, 2022
	US Critical Metals Corp. (formerly Holly Street Capital Ltd.) *British Columbia*	CSE	CFO	July 31, 2019	April 12, 2022
	Red Lake Gold Inc. *British Columbia*	CSE	CFO	May 31, 2019	April 8, 2021
	Defense Metals Corp. *British Columbia*	TSXV	CFO	April 4, 2019	Current
	Telo Genomics Corp. *Canada*	TSXV, OTC, FSE	CFO and Director	September 17, 2018	February 3, 2022
	New Placer Dome Gold Corp.	N/A	CFO	July 31, 2018	May 13, 2022
	DMG Blockchains Solutions Inc.	N/A	CFO	September 1, 2017	July 31, 2021
	Xtacy Therapeutics Corp. (formerly Global Wellness Stratgies, and formerly Redfund Capital Corp.) *British Columbia*	CSE, OTC, FSE	CFO	September 1, 2017	July 1, 2019
	Genesis AI Corp. (fornerly Gallagher Security Corp.) *British Columbia*	CSE	CFO	May 29, 2017	Current
	Strathmore Plus Uranium Corp. *British Columbia*	TSXV, OTC	CFO	May 29, 2017	Current
	Shine Minerals Corp. *British Columbia*	TSXV	CFO	May 29, 2017	Current
	SKRR Exploration Inc. *British Columbia*	TSXV	CFO	May 25, 2017	Current
	Spark Energy Minerals Inc. (formerly Maxtech Ventures Inc.) *British Columbia*	CSE, OTC, FSE	CFO	February 14, 2017	May 2, 2019
	Dixie Gold Inc. *Alberta*	TSXV, OTC, FSE	CFO	November 28, 2015	April 8, 2021
	Koryx Copper Inc. (formerly Deep-South Resources Inc.) *British Columbia*	TSXV	CFO/Director	May 3, 2012	February 24, 2020
	Midasco Capital Corp. *British Columbia*	TSXV	Director	March 1, 2009	Current
Chelsea Rusche	Friday's Dog Holdings Inc. *British Columbia*	TSXV	Senior Officer	May 26, 2022	Current

The above information was provided by the directors and officers of FDI.

Conflicts of Interest

Some of the directors and officers of FDI are also directors, officers and/or promoters of other reporting and non-reporting issuers. As a result, potential conflicts of interest may arise.

Statement of Executive Compensation

Compensation Discussion and Analysis

The purpose of the Compensation Discussion and Analysis is to provide information about FDI executive compensation objectives and process and to discuss compensation relating to the President and Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers, other than the CEO and CFO, regardless of the amount of such compensation, if known. At present, FDI has two NEOs, being Jeremy Ross (Chief Executive Officer) and Ryan Cheung (Chief Financial Officer)

Compensation Philosophy and Objectives

In light of FDI stage of development following the Transaction, there is no formal compensation program in place for FDI. The FDI Board plans to discuss and determine management compensation without reference to formal criteria. The general objective of FDI's compensation will be to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; and (iii) ensure that the total compensation package is designed in a manner that takes into account the constraints under which FDI will operate given that it will be a clean-technology company with limited history of earnings.

This section provides information regarding the proposed compensation program for NEOs of FDI.

Compensation Process

The FDI Board of Directors will ensure that total compensation paid to all NEOs is fair and reasonable and accomplishes the long-term objectives of FDI noted above.

It is expected that FDI will grant FDI Stock Options to executives pursuant to the FDI Stock Option Plan, as more particularly described below.

Summary Compensation Table

The following table sets out the compensation paid to or earned by FDI's NEOs during the financial year ended December 30, 2022 and the nine-month period ended September 30, 2023.

Name and position	**Fiscal Period**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)[11]**
Ryan Cheung [1] *CFO and Corporate Secretary*	Year-ended December 31, 2022	$11,400	Nil	Nil	Nil	Nil	$11,400
	Nine-Months Ended September 30, 2023	$23,000	Nil	Nil	Nil	Nil	$23,000
Chelsea Rusche [2] *President and COO*	Year-ended December 31, 2022	$167,175	Nil	Nil	Nil	Nil	$167,175
	Nine-Months Ended September 30, 2023	$165,970	Nil	Nil	Nil	Nil	$165,970

Name and position	Fiscal Period	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)[11]
Jeremy Ross [3] *CEO and Director*	Year-ended December 31, 2022	$100,000	Nil	Nil	Nil	Nil	$100,000
	Nine-Months Ended September 30, 2023	$90,000	Nil	$22,500	Nil	Nil	$112,500
Anthony Paterson [4] *Director*	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500
	Year-ended December 31, 2022	Nil	$30,000	Nil	Nil	Nil	$30,000
	Year-ended December 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Arthur Kwan [5] *Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500
Dominic Stann [6] *Director*	Year-ended December 31, 2022	Nil	Nil	$20,000	Nil	Nil	$20,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$15,000	Nil	Nil	$15,000
Ali Sodagar [7] *Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Nine-Months Ended September 30, 2023	Nil	Nil	$22,500	Nil	Nil	$22,500
Andrew Bowering [8] *CEO and Director*	Year-ended December 31, 2022	Nil	Nil	$30,000	Nil	Nil	$30,000
	Year-ended December 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
Richard Scheiner [9] *Former CEO, President, COO and Director*	Year-ended December 31, 2022	$358,530	Nil	Nil	Nil	Nil	$358,530

Name and position	Fiscal Period	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)[11]
Paul Charlish [10] *Former CFO and Corporate Secretary*	Year-ended December 31, 2022	$62,500	Nil	Nil	Nil	Nil	$62,500

Notes:

1. Mr. Cheung was appointed as CFO and Corporate Secretary on July 8, 2022.
2. Ms. Rusche was appointed as President and COO on August 18, 2022 and May 26, 2022, respectively.
3. Mr. Ross was appointed as CEO on May 26, 2022 and as a director of FDI on December 2, 2022.
4. Mr. Paterson was appointed as a director on February 28, 2022.
5. Mr. Kwan was appointed a director on February 28, 2022.
6. Mr. Stann was appointed as a director on February 28, 2022.
7. Mr. Sodagar was appointed as a director on February 28, 2022.
8. Mr. Bowering was appointed as a director on February 25, 2022 until December 2, 2022.
9. Mr. Scheiner was appointed interim COO and President on August 7, 2021; appointed COO and President on November 1, 2021; and appointed CEO on December 14, 2021. His positions were terminated on May 26, 2022. He was a director between February 25, 2022 and February 28, 2022.
10. Mr. Charlish was appointed CFO and Corporate Secretary on February 25, 2022 and resigned on July 8, 2022.
11. The compensation outlined above for NEOs of both FDI and FDHI are duplicates as FDI is currently the operating company of FDHI.

Incentive Plan Awards

It is expected that the FDI Board will grant stock options to directors, officers and employees of, and consultants to, FDI from time to time.

Pension Plan Awards

No benefits are proposed to be paid to any of FDI's NEOs or directors of FDI under any pension or retirement plan or under any deferred compensation plan during the twelve months following completion of the Transaction.

Termination and Change of Control Benefits

It is not expected that FDI will have any employment or consulting agreements for the provision of management services with any third-parties, and such employment or consulting agreements will not contain any provisions for the payment of termination fees.

Directors' and Officers' Insurance

After completion of the Transaction, FDI expects to maintain insurance for its benefit and the benefit of its directors and officers as a group consistent with industry practice and with reference to FDI's stage of development.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out certain details as at December 31, 2022, the end of FDI's last fiscal year, with respect to compensation plans pursuant to which equity securities of FDI are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	Nil	Nil	Nil
Equity compensation plans not previously approved by shareholders(1)	Nil	Nil	Nil

Indebtedness of Directors and Officers

No individual who is, or who was at any time during the fiscal year ended December 31, 2022, a director, executive officer or senior officer of FDI or a Subsidiary thereof, and no individual who is a nominee for election as a director of FDI, and no associate of such individuals, is, or was at any time since the beginning of the fiscal year ended December 31, 2022, indebted to FDI or a Subsidiary of FDI, nor has any such individual been indebted at any time since the beginning of the fiscal year ended December 31, 2022, to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by FDI or a Subsidiary of FDI.

Information on The Audit Committee

Charter of the Audit Committee

Upon completion of a listing on a stock exchange or electronic quotation service in the future, the FDI Board will adopt an Audit Committee Charter.

Composition of the Audit Committee

Upon becoming a reporting issuer, the FDI Board will appoint audit committee members consisting of the Jeremy Ross, Chelsea Rusche and Anthony Paterson. Under National Instrument 52-110 Audit Committees, a director of an Audit Committee is "independent" if he has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the member's independent judgment.

External Auditor Fees

The fees billed to FDI by its auditor for each of the last two fiscal years, by category, are as follows:

Fiscal Year Ending	Audit Fees ($)	Audit-Related Fees ($)	Tax Fees ($)	All Other Fees ($)
December 31, 2022	Nil	Nil	Nil	Nil
December 31, 2021	$31,500	Nil	Nil	$27,500

Corporate Governance Practices

Board of Directors

The FDI Board currently consists of a total of five directors. Ali Sodagar and Jeremy Ross are not independent in that both are executive officers of FDI.

In carrying out its responsibilities, the Board has no formal procedures designed to facilitate the exercise of its independent judgment. However, when considering the constitution of the Board, FDI endeavors to ensure that individuals elected to the Board will act with integrity in exercising their judgment in the best interests of FDI and its shareholders.

All board members are also directors of FDHI.

Board Mandate

The Board does not have a written mandate. Generally, the Board considers its mandate to be the management or supervision of the management of the affairs and business of FDI. The Board considers its specific mandate to include the fixing, implementation and monitoring of policy with respect to strategic planning, communications, succession planning, financial performance and reporting, management compensation and risk identification and management. The Board's mandate also includes the management of all matters that have not been specifically delegated to senior management or a committee of the Board. Although the Board has delegated to management the responsibility for managing the day-to-day affairs of FDI and certain other management responsibilities, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to FDI and its business. The Board meets regularly to review the business operations and financial results of FDI. Meetings of the Board include regular meetings with management to discuss specific aspects of the operations of FDI.

Specifically, the Board assumes the following responsibilities:

- strategic planning;
- succession planning;
- monitoring of financial performance and financial reporting;
- reviewing and approving FDI's operating plans;
- identifying the principal risks of FDI and reviewing the systems to manage these risks;
- reviewing and approving FDI capital expenditure policy as well as those expenditures that exceed the limits for management approval;
- reviewing and approving significant operational and financial matters and providing direction to management on these matters;
- reviewing FDI's communications policy;
- reviewing and approving corporate objectives and goals applicable to the senior management personnel of FDI; and
- management compensation.

Position Descriptions

FDI does not have written position descriptions for its Chairman or the Chairmen of its Committees. The Board delineates the role and responsibilities of each such position through a process of discussion and experience. Generally, each such Chairman is expected to compile the agenda items for each meeting, including receiving input from senior management and others with respect to matters to be discussed, ensure that Board or Committee members are properly notified of meetings and the business to be conducted, provide appropriate background material in advance of each meeting, conduct the business of each meeting in an orderly and business-like manner, and ensure that decisions of each meeting are communicated to the full Board and senior management, as appropriate, in a timely fashion for implementation.

FDI does not have a written position description for the CEO. The Board delineates the role and responsibilities of the CEO through a process of discussion and experience. Generally, the CEO is responsible for the efficient and effective management of FDI's day-to-day operations. The CEO is expected to oversee the implementation of FDI's strategic plans, and to ensure that the Board is kept apprised of FDI's progress in this regard. The CEO is responsible for overseeing management's system of internal controls and reporting, to obtain reasonable assurance that FDI's assets are safeguarded, transactions are authorized and financial information is reliable.

Orientation and Continuing Education

FDI does not have a formal process of orientation for new Board members. However, FDI does orient and educate new Board members by providing background information, conducting personal meetings and demonstrations and responding to questions, during the early stages of a new Board member's involvement with FDI.

FDI does not have a formal process of continuing education for directors. Directors' meetings are generally held at FDI's offices in Vancouver, B.C. and Board members are updated on an ongoing basis with respect to new innovations. As needed, FDI's legal counsel is invited to attend Board and Committee meetings to provide advice concerning emerging trends in securities regulatory policy and related corporate matters. Other professional advisors may be invited to attend Board meetings, as needed. FDI also relies on the relatively straightforward nature of its business, and the established qualifications and expertise of its Board members.

Ethical Business Conduct

The Board has not adopted a written code for FDI's directors, officers and employees with respect to ethical business conduct. To the greatest extent possible, FDI attempts to attract and retain individuals with a well-developed personal code of ethical conduct in both their business and personal lives.

In considering a transaction in which a director has a material interest, the director is required to disclose the nature and extent of his interest to the Board and to abstain from voting on any resolution pertaining to the transaction.

Nomination of Directors

The Board does not have a Nominating Committee to identify new candidates for Board nomination. Potential candidates for appointment to the Board are considered by the Board as a whole, in reliance on the recommendations, qualifications and experience of its members. The Board recognizes that, in accordance with good corporate governance practices, it is desirable to appoint members who are independent, and gives weight to this consideration.

Assessments

The Board has no specific procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the business of FDI is relatively straightforward and its Board relatively small, it is expected that a significant lack of performance on the part of a committee or individual director would become readily apparent, and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of FDI and input from its shareholders.

Investor Relations Arrangements

Neither FDHI nor FDI has entered into any written or oral agreement or understanding with any Person to provide any promotional or investor relations services for FDI.

Options to Purchase Securities

Options to Purchase Securities

At the closing of the Transaction, there will be nil stock options of FDI issued and outstanding.

Stock Option Plan

FDI does not have a stock option plan.

Escrowed Securities

Upon completion of the Spin-Out, to the knowledge of FDI and FDHI, and as of the date of this Circular, 2,445,914 FDI Shares received by certain FDHI Shareholders, who were previously considered Principals (as defined in TSXV policies) of FDHI in connection with the FDI Amalgamation, will be subject to value security escrow for Tier 2 issuers. The following table lists the names of the recipients of FDI Shares that will be subject to escrow under the Escrow Agreement and the number of FDI Shares held which are subject to escrow at the date of this Circular and after giving effect to the Spin-Out.

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Principal	**Designation of Class**	**Number of FDI Shares held in Escrow**	**Percentage of Class**	**Number of FDI Shares held in Escrow**	**Percentage of Class**
Jeremy Ross *Vancouver, BC*	Common	Nil	Nil	148,902	0.34%
Blackhill Consultants Inc.(1) *Vancouver, BC*	Common	Nil	Nil	429,290	0.98%
Anthony Paterson *Vancouver, BC*	Common	Nil	Nil	257,890	0.59%
Ashley Chamberland(2) *Vancouver, BC*	Common	Nil	Nil	23,907	0.05%
Perfect Storm Holdings Ltd.(3) *Vancouver, BC*	Common	Nil	Nil	246,717	0.56%
Andrew Bowering *Vancouver, BC*	Common	Nil	Nil	227,272	0.52%
Lu Ma(4) *Vancouver, BC*	Common	Nil	Nil	318,441	0.72%
Ivan Lo *Vancouver, BC*	Common	Nil	Nil	519,201	1.18%
Tyler Ross *Vancouver, BC*	Common	Nil	Nil	274,294	0.62%

Notes:
1. Blackhill Consultants Inc. is a company wholly-owned and controlled by Jeremy Ross.
2. Ms. Chamberland is the spouse of Anthony Paterson who resides in the same residence.
3. Perfect Storm Holdings Ltd. is a company wholly-owned and controlled by Anthony Paterson.
4. Ms. Ma is the spouse of Andrew Bowering.

The FDI Shares which will be subject to escrow terms pursuant to the Escrow Agreement will be released as follows:

Value Escrow Securities for Tier 2 Issuers – Release Schedule	
Release Dates	**Percentage of Total Escrowed Securities to be Released**
Date of Final TSXV Bulletin approving the Arrangement	10%
6 months following Final Approval	15%
12 months following Final Approval	15%
18 months following Final Approval	15%
24 months following Final Approval	15%
30 months following Final Approval	15%
36 months following Final Approval	15%
TOTAL	100%

See the section titled "*Part IV – Information Concerning FDHI Post-Arrangement – Escrowed Securities*" for more details regarding the Escrow Agreement.

Non-Arm's Length Party Transaction

Except as disclosed elsewhere in this Circular, FDI has not entered into any transactions that were not Arm's Length Transaction.

Legal Proceedings

There are no material legal proceedings against FDI or affecting any of its properties as of the date of this Circular. There are no (a) penalties or sanctions imposed against FDI by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against FDI that would likely be considered important to a reasonable investor in making an investment decision in FDI; and (c) settlement agreements FDI entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

Auditor, Transfer Agent And Registrar

The auditor of FDI is Davidson and Company, LLP, 1200 – 609 Granville Street, Vancouver, BC, V7Y 1H4, which has served as FDI's auditor since its formation.

FDI intends to engage Odyssey Trust Company as its registrar and transfer agent.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contracts which FDI has entered or will enter into are the Arrangement Agreement.

Interest of Informed Persons in Material Transaction

No "informed person" of FDI, that is: (a) the directors and executive officers of FDI; (b) any Person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the FDI's outstanding voting shares; (c) any director or executive officer of a Person referred to in (b) above; or (d) any associate or affiliate of any "informed person" of FDI, has any material interest, direct or indirect, in any transaction or proposed transaction which has materially affected or could materially affect FDI, or in any matter to be acted upon at this Meeting.

Risk Factors

Risks Relating to the Transaction

There can be no certainty that the Transaction will be completed

Completion of the Transaction is subject to a number of conditions, certain of which may be outside the control of both FDHI and FDI, including, without limitation, the requisite approvals of the FDHI Shareholders, TSXV and Court. There can be no assurance, nor can FDHI nor FDI provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or that the Transaction will be completed as currently contemplated or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of FDI or the trading price of the FDHI Shares.

If the Transaction is not completed, the market price of the FDHI Shares may decline to the extent that the current market price reflects a market assumption that the Spin-Out will be completed and FDI's businesses may suffer. In addition, FDHI and FDI will each remain liable for significant consulting, accounting and legal costs relating to the Transaction and will not realize anticipated benefits of the Transaction. If the Spin-Out is not completed and the FDHI Board decides to seek another transaction, there can be no assurance that it will be able to find a party that will agree to equivalent or more attractive terms than those of the Arrangement Agreement.

There is currently no market through which the FDI Shares may be sold and there is no assurance that the FDI Shares will be admitted to a listing or qualified for distribution in Canada or any other jurisdiction in the event that the Spin-Out is not completed.

Possible termination of the Amalgamation Agreement

Each of FDHI and FDI has the right to terminate the Arrangement Agreement and the Transaction in certain circumstances. Accordingly, there is no certainty, nor can the Parties to the Arrangement Agreement provide any assurance, that the Arrangement Agreement will not be terminated by either FDHI or FDI before the completion of the Transaction. See "*The Amalgamation Agreement- Termination*".

Certain costs related to the Transaction, such as legal, accounting and certain financial advisor fees must be paid by FDHI and FDI even if the Transaction is not completed.

Following the completion of the Transaction, FDI may issue additional equity securities

Following the completion of the Transaction, FDI may issue equity securities to finance its activities. If FDI were to issue additional equity securities, the ownership interest of existing shareholders may be diluted and some or all of FDI's financial measures on a per share basis could be reduced.

While the Transaction is pending, FDHI and FDI are restricted from taking certain actions

The Arrangement Agreement restricts FDHI and FDI from taking specified actions until the Transaction is completed without the consent of the other Party which may adversely affect the ability of each to execute certain business strategies, including, but not limited to, the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. These restrictions may prevent FDHI and FDI from pursing attractive business opportunities that may arise prior to the completion of the Transaction.

The pending Transaction may divert the attention of FDHI's and FDI's management

The pendency of the Transaction could cause the attention of FDHI's and FDI's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of FDHI or FDI regardless of whether the Spin-Out is ultimately completed, or of FDI if the Transaction is completed.

Risks Relating to the Business to be Carried on by FDI

FDI's industry is highly competitive, and its failure to compete effectively could adversely affect its market share, revenues and growth prospects

FDI will face vigorous competition from companies throughout the world, including large multinational consumer products companies that have many brands under ownership as well as other independent pet care and hair care brands, including those that may target the latest trends or specific demographics or distribution channels. Competition in our industry is based on the introduction of new products, pricing of products, quality of products and packaging, brand awareness, perceived value and quality, innovation and trends, in-store presence and visibility, promotional activities, advertising, editorials, social media influencers, e-commerce and mobile-commerce initiatives and other activities. FDI will have to compete with a high volume of new product introductions and existing products by diverse companies across several different distribution channels.

Many multinational consumer companies have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and may be able to respond more effectively to changing social, business and economic conditions than we can. Many of these competitors' products are sold in a wider selection or greater number of retail stores and geographies, and possess a larger presence in these stores, typically having significantly more inline shelf space than we do. Given the finite space allocated to pet care and hair care products by retail stores, FDI's ability to grow the number of retail stores in which its products are sold, and expand its positioning and space allocation once in these retail stores, may require the repositioning, removal or reduction of the shelf space of these competitors. FDI may be unsuccessful in its growth strategy in the event that its retail partners do not reallocate shelf space from its competitors. FDI's competitors may attempt to gain market share by offering products at prices at or below the prices at which its products are typically offered, offering retail incentives including through the use of large percentage discounts and "buy one and get one free" or similar offers. Competitive pricing may require FDI to reduce its prices, which could decrease its profitability or result in lost sales. Our competitors, many of whom have greater resources than we do, may be better able to withstand these price reductions and lost sales.

It is difficult for FDI to predict the timing and scale of its competitors' activities in these areas or whether new competitors will emerge in the pet care and hair care business. In addition, further technological breakthroughs, including new and enhanced technologies which increase competition in the online retail market, new product offerings by competitors and the strength and success of its competitors' marketing programs may impede FDI's growth and the implementation of its business strategy.

FDI's ability to compete also depends on the continued strength and consistency of its brand and products and their ingredients, the success of its marketing, innovation and execution strategies, the continued diversity of its product offerings, the successful management of new product introductions and innovations, strong operational execution, including sourcing and order fulfillment, and its success in entering new markets and expanding its business in existing geographies. If FDI is unable to continue to compete effectively, it could have a material adverse effect on its business, results of operations and financial condition.

Success depends on FDI's ability to continue to enhance its products and develop new products

FDI's business is subject to changing consumer trends and preferences and its business is dependent, in part, on continued consumer interest in its existing or new products, including line extensions, reformulations, new formulations and new formats. There can be no assurance that consumers will accept any such new products or that FDI will be able to attain sufficient market share for these products. The success of its new product offerings depends upon a number of factors, including FDI's ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price products competitively; and (v) differentiate its product offerings from those of its competitors.

Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales and excess inventory levels. In order to adapt to changing consumer trends, FDI may implement sales and marketing plans that require existing products to be removed or replaced in the marketplace. If the products or packaging cannot be reused or recycled, this creates waste and could result in lower gross margins for FDI due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels.

The new products of our competitors may beat our products to market, be more effective, be marketed more successfully, have more features or be less expensive than our products. If we do not introduce new products to meet the changing needs and tastes of consumers in a timely manner and more effectively than our competitors, we may experience declining sales, which could have an adverse effect on our operating results and financial condition.

Additionally, the enhancement of existing products, and development and introduction of new products may require substantial product development and marketing expenditures, which FDI may be unable to recoup if new products do not gain widespread market acceptance or if the market for such products does not develop as expected or if FDI is required to abandon such research, development or marketing for any reason. Efforts to accelerate its innovation capabilities may exacerbate risks associated with innovation. If FDI is unsuccessful in meeting its objectives with respect to new products, its business' financial condition, reputation and results of operations could be harmed.

Success depends, in part, on the quality, performance, safety and claims of FDI's ingredients, products and packaging.

Any loss of confidence on the part of consumers in FDI's products or the ingredients used in its products, whether related to product contamination, safety, effectiveness, or other quality or product claim failures, actual or perceived, inclusion of prohibited ingredients, or recall of products that have been inadvertently mislabeled or misbranded, or otherwise violate government regulations, could tarnish the image of FDI's brand and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety or suitability for use by a particular consumer, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a withdrawal or recall of a product from any or all of the markets in which the affected product was distributed, or subject FDI to regulatory action or litigation in applicable jurisdictions. Any such issues or recalls could negatively affect the profitability and brand image of FDI.

If FDI's products are found to be, or perceived to be, defective or unsafe, or if they otherwise fail to meet consumers' expectations or marketing claims, FDI's relationships with consumers could suffer, the appeal of its brand could be diminished, and it may need to withdrawal or recall some of its products and/or become subject to regulatory action, boycotts, or liability claims and lawsuits, and could lose sales or market share. In addition, safety or other defects in FDI's competitors' products could reduce consumer demand for FDI's products if consumers view them to be similar. Any of these outcomes could result in a material adverse effect on the business, financial condition and results of operations of FDI.

FDI's inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect its financial results.

FDI's success depends on its ability to anticipate, gauge and react in a timely and cost-effective manner to changes and trends in consumer tastes for hair care and pet care products, attitudes toward its industry and brands, as well as to where and how consumers shop. It must continually work to develop and market new products, maintain and enhance the recognition of its brand, achieve a favorable mix of products, and refine its approach as to how, to whom and through what channels products are marketed and sold. While FDI will devote considerable effort to shape, analyze and respond to consumer preferences, management recognizes that consumer tastes cannot be predicted with certainty and can change rapidly. The issue is compounded by the increasing use of digital and social media by consumers and the speed by which information and opinions are shared. If FDI is unable to anticipate and timely respond to challenges that it may face in the marketplace, trends in the market for its products and changing consumer demands and sentiment, its financial results will suffer.

FDI's success is linked to the size and growth rate of the pet care and hair care industries and an adverse change in the size or growth rate of such industries could have a material adverse effect on FDI.

The success of FDI's growth strategy is in part tied to the size and growth rate of the pet care and hair care markets. Sales data is collected for most, but not all channels, and as a result, it is difficult to estimate the size of the market and predict the rate at which the market for its products will grow, if at all. While market size estimates have been made in good faith and are based on assumptions and estimates management believes to be reasonable, these estimates may not be accurate. Furthermore, underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond FDI's control, including media attention and scientific research, which may be positive or negative. An adverse change in size or growth rate of the pet care and hair care product segments could have a material adverse effect on the business, financial condition and results of operations of FDI.

FDI will depend on a limited number of retail and distribution partners for a large portion of its net sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners, could adversely affect its results of operations.

FDI intends to sell its products in the United States, Canada and internationally through retail and distribution partners, on whom it will rely to display, present and sell its products to consumers in brick and mortar stores and through online e-commerce sites. FDI's relationships with these retail and distribution partners are important for maintaining and building consumer trust in its brands and for executing the advertising and educational programs FDI will deploy. Management expects that a limited number of its retail and distribution partners will account for a large percentage of our net sales. Any changes in the policies, or its ability to meet the demands of its retail partners relating to service levels, inventory de-stocking, pricing and promotional strategies or limitations on access to display space could have a material adverse effect on its business, financial condition and results of operations. If FDI loses a significant retail customer or distributor or if sales of its products to a significant retailer materially decrease, it could have a material adverse effect on its business, financial condition and results of operations.

FDI does not have long-term purchase commitments from its retail or distribution partners, and confirmed orders received from its retail and distribution partners may be difficult to enforce. Furthermore, there can be no assurance that FDI will be able, in the future, to continue to sell its products to its retail and distribution partners on favorable trading terms or at all. FDI may be obligated to stop shipments to its retail partners or such partners may refuse shipments in the course of negotiating the resolution of trading issues. Factors that could affect FDI's ability to maintain or expand its sales to these retail and distribution partners include without limitation: (a) failure to accurately identify the needs of its customers; (b) lack of customer acceptance of new products or product expansions; (c) unwillingness of its retail and distribution partners to attribute premium value to its existing and new products relative to competing products; (d) failure to obtain shelf space from its retail partners; and (e) new, well-received product introductions or marketing campaigns by competitors.

FDI's sales will depend, in part, on retail partners effectively displaying its products, including providing attractive space in their stores, including online e-commerce platforms, and, in certain channels, having knowledgeable employees that can explain the products and their benefits. If a key retail or distribution partner reduces its purchases of FDI's existing or new products or promotes products of its competitors over its products, whether online or in stores, FDI may experience reduced sales of its products, resulting in lower revenue and gross profit margin, which would harm its profitability and financial condition.

Because a high percentage of sales will be made through FDI's retail customers, its results are subject to risks relating to the general business performance of its key retail customers. Factors that adversely affect FDI's retail customers' businesses may also have a material adverse effect on FDI's business, financial condition and results of operations. If any key retailer reduces its number of stores or operations, fails to effectively execute its e-commerce or other business strategy, or suffers financial difficulty or insolvency, FDI may experience reduced sales of its products, resulting in lower revenue and gross profit margin, which would harm its profitability and financial condition.

The operation of FDI's direct to consumer e-commerce business and the operation of its website and the websites of its retail partners depends on their ability to maintain efficient and uninterrupted operation of online order-taking and fulfillment operations. FDI will depend on its retail partners to manage the intake of its product orders and export orders for fulfillment. Any failures such as viruses, computer hackers, system failures, or similar disruptions on the part of FDI or its retail partners' e-commerce platforms could result in lost sales and harm its financial condition.

Any damage to the reputation or brand of FDI may materially and adversely affect its business, financial condition and results of operations.

Management believes that developing and maintaining FDI's brands is critical and that the financial success of FDI will be directly dependent on consumer perception of its brands. Furthermore, the importance of its brand recognition may become even greater as competitors offer more products similar to ours. Management believes that maintaining and enhancing the recognition and reputation of FDI's brand will be critical to its business and future growth. Many factors, some of which are beyond its control, are important to maintaining FDI's reputation and brand. These factors include the ability to comply with ethical, social, product, labor and environmental standards. Any actual or perceived failure in compliance with such standards could damage FDI's reputation and brand. The success of FDI's brand may also suffer if its marketing plans or product initiatives do not have the desired impact on its brand or its ability to attract consumers. Further, its brand value could diminish significantly due to consumer perception that it has acted in an irresponsible manner, adverse publicity about its products, failure to maintain the quality of its products, product contamination, the failure of it products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers.

The growth of FDI's brand depends largely on its ability to provide a high quality consumer experience, which in turn depends on its ability to bring innovative products to the market with effective and appealing advertising and product claims and at competitive prices that respond to consumer demands and preferences. Additional factors affecting consumer experience include FDI's ability to provide appealing store sets in retail stores, the maintenance and stocking of those sets by its retail partners, and the overall shopping experience provided by retail partners. If FDI is unable to preserve its reputation, enhance its brand recognition or increase positive awareness of its products, it may be difficult for it to maintain and grow its consumer base, and its business, financial condition and results of operations may be materially and adversely affected.

FDI's success depends, in part, on retention of key members of its senior management team and ability to attract and retain qualified personnel.

FDI's success depends, in part, on its ability to retain its key employees, including its executive officers, senior management team and development, operations, finance, sales and marketing personnel. FDI will be a relatively small company that relies on a few key employees, any one of whom would be difficult to replace, and the loss of key employees would likely be more disruptive to FDI than it would be to a large, international company. FDI's success also depends, in part, on its ability to identify, hire, train and retain other highly qualified personnel. The loss of key personnel or the failure to attract and retain qualified personnel may have a material adverse effect on FDI's business, financial condition and results of operations.

Marketing and advertising strategies may not be successful.

FDI's products will continue to be marketed in the United States, Canada and internationally through a variety of advertising and promotional programs, which include reliance on celebrity endorsement and “influencer” marketing. FDI's marketing efforts will be centered on generating brand awareness and driving retailer and consumer demand for its products. FDI will also strive to educate consumers on its categories of products, develop tools and platforms to drive consumer engagement and establish a recognizable shelf presence through the use of displays and recognizable packaging. Its campaigns will be launched across a varied communications platform, including digital and social media, magazines and newspapers and email. In addition, FDI will seek editorial coverage for its brands and products in digital, social and print media. If these marketing and advertising programs and strategies are not successful, FDI's product sales and brand reputation may be affected.

There may be claims made against FDI from time to time that could result in litigation, distract management from its business activities and result in significant liability or damage to its brand. FDI may also experience product recalls.

As a growing company, FDI may increasingly face the risk of litigation and other claims. Litigation and other claims may arise in the ordinary course of its business and, in addition to product-oriented allegations and personal injury claims, include without limitation employee and customer claims, commercial disputes, and intellectual property issues. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against FDI, even if we are ultimately successful, could result in unexpected expenses and liabilities, which could materially and adversely affect its operations, financial condition and reputation.

Though many of its products are natural, naturally-derived or plant-based, FDI could still be subject to material product claims if people are harmed by or otherwise take issue with any of its products or the claims made about such products, which could increase its costs and adversely affect its reputation, revenues and operating income. Some of the products of FDI may expose it to advertising, labelling, warranty, consumer class action, or product liability claims relating to personal injury or environmental damage, and may require product recalls, re-labelling, repackaging, reformulation or other actions.

FDI may initiate or participate in product reformulation, recalls, withdrawals or seizures if any of its products are believed to cause injury or if it is alleged to have violated governmental regulations in the formulation, labelling, promotion, sale or distribution of its products in one or more jurisdictions. A significant product reformulation, recall, withdrawal or seizure may require significant management attention, would likely result in substantial and unexpected costs and may materially and adversely affect its business, financial condition and results of operations. Product recalls may lead to increased scrutiny of its operations by the FDA or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. Furthermore, a significant product recall, withdrawal or seizure may adversely affect consumer confidence in FDI's products and thus decrease consumer demand for such products. If its products do not comply with applicable regulatory and legal requirements in a particular country, FDI may be prohibited from marketing and selling such products in that country, may be required to recall or remove such products from the market, or may be subject to other regulatory actions, and may face lawsuits or other claims related to any alleged non-compliance, which could materially and adversely affect its business, financial condition and results of operation.

Although FDI maintains liability insurance to mitigate potential claims, we cannot be certain that our coverage will cover any or all losses, expenses, damages or liabilities actually or that insurance will continue to be available on economically reasonable terms or at all.

Competitors may attempt to imitate FDI's innovative products and divert sales. If FDI is unable to protect its intellectual property, the value of its brand and other intangible assets may be diminished, and its business may be adversely affected.

FDI's trademarks are valuable assets that support its brand and consumers' perception of its products. Although FDI has pending trademark registrations for its brand in the United States and Canada, it has not yet applied for trademark protection in all relevant foreign jurisdictions and cannot assure that it will be successful in asserting trademark or trade name protection in all relevant jurisdictions. Third-parties may also oppose FDI's trademark applications domestically or abroad, or otherwise challenge its use of the trademarks. In the event that its trademarks are successfully challenged, FDI could be forced to rebrand its products in some parts of the world, which could result in the loss of brand recognition.

The efforts taken to protect FDI's trademark rights may not be sufficient or effective to protect its business and, as a consequence, its business, financial condition and results of operations may be materially and adversely affected. FDI may need to engage in litigation or other activities to enforce its trademark rights or to determine the validity and scope of the rights of others. Any such activities could require FDI to expend significant resources and divert the efforts and attention of its management and other personnel from business operations.

The success of FDI depends upon its ability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third-parties.

FDI's commercial success will depend in part on its ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights, trade secrets, publicity and other proprietary rights of others. FDI cannot be certain that the conduct of its business does not and will not infringe, misappropriate or otherwise violate such rights. In addition, third-parties may involve FDI in intellectual property disputes as part of a business model or strategy to gain competitive advantage.

To the extent FDI gains greater visibility and market exposure as a public company or otherwise, it may also face a greater risk of being the subject of such claims and litigation. For these and other reasons, third-parties may allege that its products or activities infringe, misappropriate, dilute or otherwise violate their trademark, patent, copyright, trade secret, publicity or other proprietary rights. Defending against allegations and litigation could be expensive, occupy significant amounts of time, divert management's attention from other business concerns and have an adverse impact on FDI's ability to bring products to market. In addition, if it is found to infringe, misappropriate, dilute or otherwise violate third-party trademark, patent, copyright, trade secrets, publicity or other proprietary rights, FDI's ability to use brands to the fullest extent planned may be limited, it may need to obtain a license, which may not be available on commercially reasonable terms, or at all, or it may need to redesign or rebrand its marketing strategies or products, which may not be possible. FDI may also be required to pay substantial damages or be subject to an order prohibiting it and its retail partners from importing or selling certain products or engaging in certain activities. Its inability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and proprietary rights of others could have a material adverse effect on its business, financial condition and results of operations.

FDI may experience difficulty maintaining consistent revenue as a result of fluctuations in demand due to the buying patterns of consumers and its retail and distribution partners.

From time to time, FDI's retail and distribution partners may purchase more product than they expect to sell to consumers during a particular time period. Such partners may grow their inventory in anticipation of, or during, our promotional events, in anticipation of a price increase for FDI's products, or otherwise over-order its products as a result of overestimating demand for such products. If FDI's partners increase their inventory during a particular reporting period as a result of a promotional event, anticipated price increase or otherwise, then sales during the subsequent reporting period may be adversely impacted as its partners seek to reduce their inventory to more normal levels. This effect may be particularly pronounced when the promotional event, price increase or other event occurs near the end or beginning of a reporting period or when there are changes in the timing of a promotional event, price increase or similar event, as compared to the prior year. While management will endeavor to accurately predict these trends and avoid overstocking or understocking its products, demand for product can change significantly between the time inventory or ingredients are ordered and the date of sale. To the extent FDI's partners seek to reduce their inventory levels or change their practices regarding purchases in excess of consumer consumption, FDI's inventory management, revenue and results of operations may be adversely affected in that period.

A disruption in operations could materially and adversely affect business.

As a company that will be engaged in distribution on a national and international scale, FDI's operations, including those of its third-party manufacturers, suppliers and delivery service providers, are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics, border disputes, acts of terrorism and other external factors over which FDI and its third-party manufacturers, suppliers and delivery service providers may have no control. The loss of, or damage to, the suppliers of ingredients, manufacturing facilities or distribution centers of its third-party manufacturers, suppliers and delivery service providers or retail partners could have a material adverse effect on FDI's business, financial condition and results of operations.

Interruptions to or failures in postal and other delivery services for the delivery of products to consumers could prevent the timely or successful delivery of FDI's products. These interruptions or failures may be due to events that are beyond the control of FDI or the control of its third-party delivery service providers, such as inclement weather, natural disasters or labour unrest. If FDI's products are not delivered on time or are delivered in a damaged state, retail customers and consumers may refuse to accept its products and have less confidence in its brand. Any failure to provide high quality delivery services to FDI's consumers may negatively affect the shopping experience of its consumers, damage its reputation and cause FDI to lose consumers.

FDI will continue to rely on third-party suppliers, manufacturers, distributors and other vendors, and they may not continue to produce products or provide services that are consistent with FDI's standards or applicable regulatory requirements, which could harm its brand, cause consumer dissatisfaction, and require FDI to find alternative suppliers of its products.

FDI neither owns nor operates any manufacturing facilities. It will continue to use multiple third-party suppliers and manufacturers to source and manufacture all its products. The ability of these third-parties to supply and manufacture FDI's products may be affected by competing orders placed by other customers and the demands of those customers, or by events beyond the control of such third-party suppliers and manufacturers, in which case FDI's ability to and the manner in which it supplies products to consumers may be impacted. If FDI experiences significant increases in demand, or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and manufacturing capacity will be available when required on terms that are acceptable to FDI, or at all, or that any supplier or manufacturer will allocate sufficient capacity to FDI in order to meet its requirements.

FDI purchases its ingredients from various high quality raw material ingredient and packaging suppliers worldwide. Quality control problems, such as the use of ingredients and manufacture or delivery of products that do not meet its quality control standards and specifications or comply with applicable laws or regulations, could harm the business of

FDI. Potential suppliers are subject to a rigorous evaluation process by FDI's quality control department and natural or naturally derived ingredients are subject to testing in order to verify the identity of the declared source of the ingredient. Despite these efforts, quality control problems could result in, among other things, regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming sales and creating inventory write-downs for unusable products.

Further, FDI's third-party manufacturers, suppliers and distributors may:

- have economic or business interests or goals that are inconsistent with those of FDI;
- take actions contrary to FDI's instructions, requests, policies or objectives or applicable law;
- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products and ingredients;
- have financial difficulties;
- encounter raw material or labour shortages;
- encounter increases in the costs of raw materials and labour costs which may affect procurement costs;
- disclose FDI's confidential information or intellectual property to competitors or third-parties;
- experience disruptions in operations at their manufacturing facilities or distribution centres;
- work with, be acquired by, or come under control of, FDI's competitors; and
- engage in activities or employ practices that may harm the reputation of FDI;

The occurrence of any of these events, alone or together, could have a material adverse effect on FDI's business, financial condition and results of operations. In addition, such problems may require FDI to find new third-party suppliers, manufacturers or distributors, and there can be no assurance that it would be successful in finding third-party suppliers, manufacturers or distributors meeting its standards of innovation and quality.

The management and oversight of the engagement and activities of FDI's third-party suppliers, manufacturers and distributors will require substantial time, effort and expense of its employees, and it may be unable to successfully manage and oversee the activities of third-party manufacturers, suppliers and distributors. If FDI experiences any supply chain disruptions caused by the manufacturing process or by its inability to locate suitable third-party manufacturers or suppliers, or if its manufacturers or raw material suppliers experience problems with product quality or disruptions or delays in the manufacturing process or delivery of the finished products or the raw materials used to make such products, the business, financial condition and results of operations of FDI could be materially and adversely affected.

If it fails to manage its inventory effectively, the results of operations, financial condition and liquidity of FDI may be materially and adversely affected.

FDI's business will require it to manage a large volume of inventory effectively. FDI depends on its forecasts of demand for, and popularity of, various products to make purchase decisions and to manage its inventory of SKUs. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. Demand may be affected by new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes, and consumers may not purchase products in the quantities expected. It may be difficult to accurately forecast demand and determine appropriate levels of product or componentry. If FDI fails to manage inventory effectively or negotiate favorable credit terms with third-party suppliers, it may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, if FDI is required to lower sale prices in order to reduce inventory level or to pay higher prices to suppliers, its profit margins might be negatively affected. Any of the above may materially and adversely affect FDI's business, financial condition and results of operations.

A general economic downturn, or sudden disruption in business conditions or operations may affect consumer purchases of FDI's products and/or the financial strength of FDI's retail or distribution partners, which could adversely affect financial results.

The general level of consumer spending is affected by a number of factors, including economic conditions, inflation, interest rates, energy costs, and consumer confidence generally, all of which are beyond the control of FDI. Although historically recession-resistant, consumer purchases of pet care and hair care products could decline during recessionary periods, when disposable income is lower, and may impact sales of FDI's products. A decline in consumer purchases of these items also tends to impact FDI's retail partners, and the financial difficulties of a retail partner could cause FDI to curtail or eliminate business with that partner. The inability of FDI to collect receivables from its largest partners or from a group of partners could have a material adverse effect on its business and financial condition. If a retail partner was to liquidate, FDI may incur additional costs if it chooses to purchase the retailer's inventory of its products to protect brand equity.

Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and devaluation. Global capital markets could suddenly and rapidly destabilize in response to existing and future events, including as a result of COVID-19, as government authorities may have limited resources to respond to existing or future crises. Future crises may be precipitated by any number of causes, including natural disasters, epidemics/pandemics (such as COVID-19), geopolitical instability, changes to energy prices or sovereign defaults. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in Western economies and the introduction of austerity measures by governments. A downturn in the economies of, or continuing recessions in, the countries where FDI will sell its products or a sudden disruption of business conditions in those countries could adversely affect consumer confidence, the financial strength of its retail partners and its sales and profitability. Depending on market conditions, FDI may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in FDI.

Volatility in the financial markets and a related economic downturn in key markets or markets generally throughout the world could have a material adverse effect on FDI's business. Deterioration in global financial markets or an adverse change in FDI's credit ratings could make future financing difficult or more expensive. If any financial institutions that are parties to any financing arrangements were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with FDI. This could leave FDI with reduced borrowing capacity, which could have an adverse impact on its financial condition and results of operations.

FDI has a limited operating history and no history of earnings.

FDI has no history of earnings. There is no assurance that FDI will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue FDI's business operations. If FDI does not have sufficient capital to fund its operations, it may be required to reduce its operations or cease operations entirely, in which case, the value of its common shares may decline very significantly.

Conflicts of interest may arise between FDI and its directors and management.

The directors and officers of FDI will not be devoting all of their time to the affairs of FDI. The intended directors and officers of FDI are directors and officers of other companies. These Persons will be required by law to act in the best interests of FDI. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to FDI may result in a breach of their obligations to the other companies, and in certain circumstances, this could expose FDI to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of FDI. Such conflicting legal obligations may expose FDI to liability to others and impair its ability to achieve its business objectives.

Epidemics/Pandemics and other Public Health Crises

FDI is vulnerable to the general economic effects of epidemics/pandemics and other public health crises, such as COVID-19. Due to the outbreak of COVID-19, there had been a substantial curtailment of travel and business activities, globally. A number of countries have also limited the shipment of products in and out of their borders, which could negatively impact supply chains. If not resolved, the impact of COVID-19 could have a material adverse effect on the operations of FDI.

PART VI – GENERAL MATTERS

Interest of Certain Persons In Matters To Be Acted Upon

Other than as disclosed elsewhere in this Circular, none of the directors or executive officers of FDHI, no proposed nominee for election as a director of FDHI, none of the Persons who have been directors or executive officers of FDHI since the commencement of FDHI's last completed financial year and no associate or affiliate of any of the foregoing Persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Other Matters

Management of FDHI knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the Persons named therein to vote on such matters in accordance with their best judgment.

Experts

Opinions and Interest of Experts

Certain legal matters relating to the Transaction will be passed upon on behalf of FDHI by Boughton Law Corporation. Assuming completion of the Transaction, partners and employees of Boughton Law Corporation will, collectively, own less than 1% of the FDI Shares and New Shares, respectively.

As at the date hereof, Davidson & Company LLP, the current auditors of FDHI who prepared the auditor's report to the shareholders of FDHI on the consolidated statements of financial position of FDHI as at December 31, 2022, 2021, and 2020 and the consolidated statements of operations and other comprehensive income and cash flows for the years then ended, have reported that they are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

As at the date hereof, Davidson & Company LLP, the current auditors of FDI who prepared the auditor's report to the shareholders of FDI on the consolidated statements of financial position of FDI as at December 31, 2022, 2021 and 2020 and the consolidated statements of operations and other comprehensive income and cash flows for the years then ended, have reported that they are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Other Material Facts

The TSXV has provided conditional approval of the Transaction described in this Circular.

FDHI is a reporting issuer in the provinces of British Columbia, Saskatchewan and Alberta. Upon completion of the Spin-Out, FDHI will continue to be a reporting issuer in British Columbia, Saskatchewan and Alberta.

Board Approval

The Board of Directors of FDHI has approved delivery of this Circular to FDHI Shareholders.

DATED the 7th day of March, 2024.

CERTIFICATE OF FRIDAY`S DOG HOLDINGS INC.

DATED the 7th day of March, 2024.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Friday`s Dog Holdings Inc. assuming completion of the Transaction, as that term is defined in the foregoing document.

(signed) "Jeremy Ross"	*(signed) "Ryan Cheung"*
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors

(signed) "Anthony Paterson"	*(signed) "Dominic Stann"*
Director	Director

CERTIFICATE OF FRIDAY'S DOG INC.

DATED the 7th day of March, 2024.

The foregoing document as it relates to Friday's Dog Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of the Friday's Dog Inc.

(signed) "Jeremy Ross"	*(signed) "Ryan Cheung"*
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors

(signed) "Anthony Paterson"	*(signed) "Dominic Stann"*
Director	Director

CONSENT OF RwE GROWTH PARTNERS, INC.

To the Board of Friday`s Dog Holdings Inc.

We refer to the fairness opinion dated March 1, 2024, which we prepared for the board of directors of Friday`s Dog Holdings Inc. in connection with the proposed plan of arrangement involving Friday`s Dog Holdings Inc. and its shareholders and the proposed plan of arrangement involving Friday`s Dog Holdings Inc. and Friday's Dog Inc.

We hereby consent to the filing of our fairness opinion with the securities regulatory authorities, and to the references in this Circular dated March 7, 2024 to our firm name and to our fairness opinion dated March 1, 2024 contained under the headings "Glossary of Terms", "Part II – *Matters to be Acted Upon at the Meeting – Background to the Transaction*", "Part II – *Matters to be Acted Upon at the Meeting – Fairness Opinion*", "Part II – *Matters to be Acted Upon at the Meeting – Recommendation of the Directors*", "Part II – *Matters to be Acted Upon at the Meeting – Reasons for the Transaction*", and "*The Arrangement – Recommendation of the FDHI Board*" and the inclusion of the fairness opinion dated March 1, 2024 as Schedule "L" to this Circular dated March 7, 2024.

Our fairness opinion was given as at March 1, 2024 and remains subject to the assumptions qualifications and limitations contained therein. In providing our consent, we do not intend that any Person other than the board of directors of Friday`s Dog Holdings Inc. shall be entitled to rely upon our fairness opinion.

(signed) "Richard Evans"

Vancouver, British Columbia
March 7, 2024

SCHEDULE "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") pursuant to the Business Corporations Act (British Columbia) involving Friday`s Dog Holdings Inc. (the "**Company**") and Friday's Dog Inc. ("**Spinco**"), a wholly-owned subsidiary of the Company, pursuant to the arrangement agreement between Spinco and the Company dated March 1, 2024, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of the Company dated March 7, 2023 (the "**Circular**"), and the transactions, are hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Schedule "B" to the Circular, is hereby authorized, approved and adopted.

3. The: (a) Arrangement Agreement and all the transactions contemplated therein; (b) actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement; and (c) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.

4. The Company is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Company (the "**FDHI Shareholders**") entitled to vote thereon or that the Arrangement has been approved by the Court:

   (a) the alterations made to the Company's authorized share structure and Articles contemplated by the Plan of Arrangement shall not take effect until the Notice of Articles of the Company is altered to reflect such alterations to the authorized share structure and Articles of the Company; and

   (b) the directors of the Company are hereby authorized and empowered, without further notice to or approval of the FDHI Shareholders: (i) to file a Notice of Alteration with the Registrar of Companies to reflect the alterations to the authorized share structure and Articles of the Company authorized herein; (ii) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (iii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, whether under the corporate seal of the Company or otherwise, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such Person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

SCHEDULE "B"

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288
OF THE *BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA*)

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

(a) **"Arrangement"** means the arrangement under Section 288 of the Act on the terms and subject to the conditions set out in this Plan of Arrangement;

(b) **"Arrangement Agreement"** means the arrangement agreement dated March 1, 2024, including all schedules thereto, and all amendments, variations or restatements thereof, between Spinco and the Company providing for, among other things, completion of the Arrangement;

(c) **"Arrangement Consideration"** means the Company New Common Shares, and the Spinco Shares held by the Company to be issued as consideration pursuant to the Arrangement;

(d) **"Arrangement Resolution"** means the special resolution of the Shareholders approving this Plan of Arrangement, in the form as set out at Schedule "B" hereto;

(e) **"BCBCA"** means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as the same may be amended from time to time and any successor legislation thereto;

(f) "**Board**" means the board of directors of the Company;

(g) **"Business Day"** means a day that is not a Saturday, Sunday or statutory holiday in the Province of British Columbia and on which the principal commercial banks in Vancouver are generally open for the transaction of commercial banking business during regular business hours;

(h) **"Common Shares"** means the Common shares in the authorized share structure of the Company as constituted immediately prior to the Effective Date;

(i) **"Company"** means Friday's Dog Holdings Inc., a company existing under the laws of the Province of British Columbia;

(j) "**Class A Common Shares"** means the common shares without par value in the capital of the Company to be issued as part of the Arrangement.

(k) **"Court"** means the Supreme Court of British Columbia;

(l) **"Effective Date"** means the date the Arrangement becomes effective, as set out in Section 2.7 of the Arrangement Agreement;

(m) **"Effective Time"** means 12:01 am on the Effective Date;

(n) **"Final Order"** means the final order of the Court approving the Arrangement under Section 291 of the Act, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder in connection with the issuance of the Arrangement Consideration to Shareholders that are in the United States, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

(o) **"Information Circular"** means the management proxy circular of the Company sent by the Company to the Shareholders in connection with the Meeting;

(p) **"Interim Order"** means the interim order of the Court, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder in connection with the issuance of the Arrangement Consideration to Shareholders that are in the United States, containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(q) **"Meeting"** means the annual and special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

(r) **"Meeting Date"** means the date of the Meeting;

(s) **"New Common Shares"** means Common shares in the authorized share structure of the Company to be created and issued to Shareholders under the Arrangement;

(t) "**Party**" or "**Parties**" means Spinco and the Company;

(u) **"Plan of Arrangement"** means this plan of arrangement as amended or supplemented from time to time in accordance with Section 8.3;

(v) **"Pro-Rata Percentage"** means with respect to each Shareholder, the amount determined by dividing the total number of Common Shares held by such Shareholders immediately prior to the Effective Time by the total number Common Shares held by all Shareholders immediately prior to the Effective Time;

(w) **"Shareholder"** means the holder of one or more Common Shares;

(x) **"Spinco"** means Friday's Dog Inc., a corporation existing under the laws of the Province of British Columbia;

(y) **"Spinco Shares"** means common shares in the capital of Spinco;

(z) **"Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.); and

(aa) **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article", "Section" or "paragraph" followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders. The words “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

ARTICLE 2
ARRANGEMENT

2.1 Binding Effect

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement. At the Effective Time, this Plan of Arrangement shall be binding upon the Company, Spinco, and the Shareholders, as at and from the Effective Time, without any further act or formality required on the part of any person except as expressly provided herein.

2.2 The Arrangement

At the Effective Time, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following sequence:

(a) The authorized share structure of the Company shall be altered by:

(i) renaming and re-designating all of the issued and unissued Common Shares as Class A common shares without par value and amending the restrictions attached to those shares to provide the holders thereof with two votes in respect of each share held, being the “**Class A Common Shares**”;

(ii) creating a new class consisting of an unlimited number of common shares without par value with terms and special rights and restrictions identical to those of the Common Shares immediately prior to the Effective Time, being the “**New Common Shares**”; and

(iii) the Articles of the Company shall be amended to reflect the alterations in Section 2.2(a)(i) and 2.2(a)(ii);

(b) Each Shareholder shall transfer to the Company, free and clear of any mortgage, hypothec, prior charge, lien, pledge, assignment for security, security interest, right of third parties or other charge or encumbrance whatsoever, all of its Class A Common Shares and in exchange for each Class A Common Share, the Company shall issue to the Shareholder one New Common Share and transfer to the Shareholder such number of Spinco Shares as is equal to such Shareholder's Pro-Rata Percentage of the Spinco Shares and, in such regard each Shareholder shall cease to be the holder of the Class A Common Shares so exchanged, shall cease to have any rights with respect to such Class A Common Shares and shall be the holder of the number of New Common Shares issued to, and Spinco Shares transferred to such Shareholder. Each New Common Share issued will be evidenced by the existing share certificates representing the Class A Common Share which will be deemed for all purposes thereafter to be certificates representing New Common Shares to which the Shareholder is entitled pursuant to the Arrangement, and no certificate representing such New Common Shares will be issued to the Shareholders. The name of such Shareholder shall be removed from the central securities register of the Company in respect of the Class A Common Shares so exchanged and shall be added to the central securities register of the Company as the holder of the number of New Common Shares and each holder of Class A Common Shares thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such shares as described above;

(c) simultaneously with the step at Section 2.2(b):

(i) the aggregate amount added to the capital of the New Common Shares will be equal to: (A) aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the Class A Common Shares immediately prior to the exchange effected pursuant to Section 2.2(b), less (B) the fair market value (as determined by the Board) Spinco Shares distributed pursuant to Section 2.2(b) at the time of distribution;

(ii) the Class A Common Shares, none of which will be issued or outstanding once the exchange in Section 2.2(b) is completed, will be cancelled with the appropriate entries being made in the central securities register of the Company;

(d) The Company's authorized share capital shall be altered by amending its Notice of Articles and Articles by eliminating the Class A Common Shares as a class from the authorized share structure and deleting the special right attached to the Class A Common Shares.

2.3 Deemed Fully Paid and Non-Assessable Shares

All New Common Shares issued pursuant hereto shall be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

2.4 Tax Elections

Each party will cooperate with the other party in preparing, executing and filing, in the form and within the time limits prescribed or otherwise contemplated in the Tax Act, or any applicable provincial, territorial or foreign Tax legislation, all Tax returns, filings, notifications, designations and elections under the Tax Act as contemplated, or reasonably implied, in the Plan of Arrangement and this Agreement, or as the other party may reasonably request.

2.5 U.S. Securities Law

Notwithstanding any provision herein to the contrary, the Parties agree that the Plan of Arrangement will be carried out with the intention that all Arrangement Consideration issued on completion of the Plan of Arrangement to Shareholders in the United States will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

ARTICLE 3
CERTIFICATES

3.1 Class A Common Shares, New Common Shares and Spinco Shares

(a) Recognizing that the Common Shares shall be re-designated as Class A Common Shares pursuant to Section 2.2(a)(i) and that the Class A Common Shares will be exchanged for New Common Shares and Spinco Shares pursuant to Section 2.2(b), the Company will no issue replacement certificates representing Class A Common Shares.

(b) Recognizing that the Spinco Shares will be transferred to the Shareholders as consideration for the redemption of the Class A Common Shares pursuant to Section 2.2(b), Spinco will issue one share certificate representing all of the respective Spinco Shares, registered in the name of the Company, which share certificate will be held by the Transfer Agent. To facilitate the transfer of the Spinco Shares to Shareholders as of the Effective Date, the Company shall execute and deliver to the Transfer Agent an irrevocable power of attorney, authorizing them to transfer the Spinco Shares to such Shareholders in accordance with the terms of this Plan of Arrangement and Spinco will deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.

(c) On the Effective Date, the Company will execute and deliver to the Transfer Agent a direction as may be requested by the Transfer Agent to effect the transfer and delivery of the Spinco Shares transferrable in Section 2.2(b) above to registered Shareholders in accordance with the terms of this Plan of Arrangement and will cause such Spinco Shares represented by DRS Statements to be mailed to such Shareholders.

(d) From and after the Effective Date, share certificates or DRS Statements representing Common Shares immediately before the Effective Date, will for all purposes be deemed to be share certificates or DRS Statements representing New Common Shares, and no new share certificates or DRS Statements will be issued with respect to the New Common Shares issued in connection with the Arrangement.

(e) To save time and resources, the Company and Spinco may implement the share exchanges described in Section 2.2 as one treasury order or direction and all share issuances and cancellations described in Section 2.2 will be deemed to have occurred.

(f) Notwithstanding any provision herein to the contrary, the Parties agree that the Plan of Arrangement will be carried out with the intention that all Spinco Shares and New Common Shares issued on completion of the Plan of Arrangement to the Shareholders resident in the United States will be issued in reliance on the exemption from registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder.

3.2 Fractional Shares

No fractional Spinco Shares will be distributed to Shareholders, and no cash will be paid in lieu thereof. If a Shareholder would otherwise be entitled to a fractional Spinco Share: (a) representing 0.5 or more of a Spinco Share, the number of Spinco Shares to be transferred to that Shareholder will be rounded up to the nearest whole share; or (b) representing less than 0.5 of a Spinco Share, the number of Spinco Shares to be transferred to that Shareholder will be rounded down to the nearest whole share.

3.3 No Additional Consideration

No holder of Common Shares shall be entitled to receive any consideration or entitlement with respect to such Common Shares shall, other than any consideration or entitlement to which such holder is entitled to receive in accordance with Sections 2.2 and 3.1 and the other terms of this Plan of Arrangement and, for greater certainty, no such holder with be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends.

ARTICLE 4
AMENDMENT

4.1 Amendment of Plan of Arrangement

(a) Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Shareholders, and any such amendment may without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(iii) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or

(iv) waive compliance with or modify any mutual conditions precedent herein contained.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Company and Spinco at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only if it is consented to by Company and Spinco (acting reasonably), and if required by the Court, it is consented to by some or all of the Shareholders.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Company provided that it concerns a matter which, in the reasonable opinion of the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Shareholder or holder of Spinco Shares following the Effective Date.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 5
FURTHER ASSURANCES

5.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein. If required by the Registrar of Companies each of the parties will file all necessary documents, including Notices of Articles of the Company, as may be necessary to record the implementation and completion of the Arrangement and, if so required by the Registrar of Companies, the parties will make such amendment, modification or supplement to this Plan of Arrangement provided that such amendment, modification or supplement does not change the ultimate effect of this Plan of Arrangement or the taxation of any of the parties as a result of the Arrangement.

SCHEDULE "C"

FINANCIAL STATEMENTS OF FDHI FOR THE INTERIM PERIOD-ENDED SEPTEMBER 30, 2023

FRIDAY'S DOG HOLDINGS INC.

(Formerly Cerro Mining Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	Note	September 30, 2023	December 31, 2022
		$	$
ASSETS			
Current			
Cash and cash equivalents		5,325,203	6,006,137
Receivables		136,054	101,955
Marketable securities	5	195	325
Inventories	6	763,899	907,079
Prepaid expenses		64,931	91,093
		6,290,282	7,106,589
Property and equipment	7	16,441	19,342
		6,306,723	7,125,931
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8, 11	457,934	380,395
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10	33,123,636	33,123,636
Deficit		(27,274,847)	(26,378,100)
		5,848,789	6,745,536
		6,306,723	7,125,931

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board of Directors on November 27, 2023:

"Arthur Kwan" Director *"Ali Sodagar"* Director

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2023	2022	2023	2022
		$	$	$	$
Revenue					
Sales		127,021	41,942	443,437	47,318
Cost of sales		(114,275)	(67,842)	(445,950)	(68,727)
Gross profit (loss)		12,746	(25,900)	(2,513)	(21,409)
Expenses					
Accretion expense	9	-	-	-	1,165,093
Consulting and management fees	11	122,512	153,193	447,146	820,715
Depreciation	7	967	1,005	2,901	3,014
Filing fees		8,129	24,219	39,870	59,681
Foreign exchange loss (gain)		(1,263)	16,740	3,707	28,030
General and administration expenses		9,881	61,069	99,015	175,387
Interest expense	9	-	-	-	76,142
Marketing		-	427,790	140,716	1,255,217
Product development		735	24,544	33,940	349,116
Professional fees		106,358	41,192	283,929	321,514
Travel and related		7,342	15,080	34,409	34,593
		(254,661)	(764,832)	(1,085,633)	(4,288,502)
Loss from operations		(241,915)	(790,732)	(1,088,146)	(4,309,911)
Other income and expenses					
Gain on revaluation of derivative liabilities	9	-	-	-	251,484
Net change in marketable securities	5	65	(325)	(130)	(1,138)
Interest income		178,422	32,573	191,529	54,424
Listing expense	4	-	-	-	(14,182,194)
		178,487	32,248	191,399	(13,877,424)
Loss and comprehensive loss for the period		(63,428)	(758,484)	(896,747)	(18,187,335)
Basic and diluted loss per share		(0.00)	(0.01)	(0.01)	(0.23)
Weighted average number of common shares outstanding – basic and diluted		84,069,352	91,469,352	84,682,612	78,818,878

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended September 30, 2023	2022
	$	$
Cash flows used in operating activities		
Net loss for the period	(896,747)	(18,187,335)
Items not involving cash and cash equivalents		
Accretion	-	1,165,093
Accrued Interest	-	76,142
Depreciation	2,901	3,014
Listing expense	-	14,182,194
Gain on revaluation of derivative liabilities	-	(251,484)
Net change in marketable securities	130	1,138
	(893,716)	(3,011,238)
Changes in non-cash working capital items		
Receivables	(34,099)	(36,714)
Deposits	-	686,065
Inventories	143,180	(1,629,635)
Prepaid expenses	26,162	(85,481)
Accounts payable and accrued liabilities	77,539	(150,657)
	(680,934)	(4,227,660)
Cash flows from (used in) investing activities		
Cash acquired on RTO	-	547,116
Puchase of property, plant and equipment	-	(6,535)
	-	540,581
Cash flows from financing activities		
Proceeds from share issuance	-	9,276,000
Share issuance costs	-	(213,080)
Proceeds from warrants exercised	-	-
Proceeds from the issuance of convertible debentures	-	-
	-	9,062,920
Net change in cash and cash equivalents	(680,934)	5,375,841
Cash and cash equivalents, beginning of period	6,006,137	1,154,872
Cash and cash equivalents, end of period	5,325,203	6,530,713
Non-cash transactions		
Shares issued for acquisition of Cair By David Cosmetic (Canada) Inc.	-	13,621,965
Shares issued for finder's fee	-	875,000
Shares issued for debt settlement	-	70,000
Reclassification of exercised warrants	-	20,904
Subscriptions received in advance	-	805,000
Obligation to issue shares	-	250,000

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital	Obligations to issue shares	Reserves	Deficit	Shareholders' Equity (Deficiency)
		$	$	$	$	$
Balance at December 31, 2021	**24,707,750**	**2,838,261**	**-**	**167,200**	**(6,749,311)**	**(3,743,850)**
Shares issued for subscription receipts	18,552,000	9,276,000	-	-	-	9,276,000
Shares issued for RTO	27,243,929	13,621,965	-	-	-	13,621,965
Shares issuance costs	-	(213,080)	-	-	-	(213,080)
Shares issued for finders fee	1,750,000	875,000	-	-	-	875,000
Shares issued for conversion of convertible debentures	19,215,673	6,725,490	-	-	-	6,725,490
Warrants expired	-	-	-	(167,200)	167,200	-
Loss for the period	-	-	-	-	(18,187,335)	(18,187,335)
Balance at September 30, 2022	**91,469,352**	**33,123,636**	**-**	**-**	**(24,769,446)**	**8,354,190**
Loss for the period	-	-	-	-	(1,608,654)	(1,608,654)
Balance at December 31, 2022	**91,469,352**	**33,123,636**	**-**	**-**	**(26,378,100)**	**6,745,536**
Shares cancelled	(7,400,000)	-	-	-	-	-
Loss for the period	-	-	-	-	(896,747)	(896,747)
Balance at September 30, 2023	**84,069,352**	**33,123,636**	**-**	**-**	**(27,274,847)**	**5,848,789**

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Friday's Dog Holdings Inc. (the "Company" or "FDHI"), formerly Cerro Mining Corp. ("Cerro"), is the legal parent company of Friday's Dog Inc. ("FDI"). The Company was incorporated on February 27, 1987 under the *Business Corporations Act* (British Columbia). Its principal place of business is located at 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

On February 25, 2022, the Company completed its reverse takeover transaction with FDI (the "RTO"). The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly-owned subsidiary of Cerro ("Cerro Subco"). FDI amalgamated with Cerro Subco and the holders of common shares of FDI (each a "FDI Share") received one common share of the resulting issuer of the RTO for every one FDI Share held. As part of the RTO, on February 25, 2022, Cerro changed its name to Friday's Dog Holdings Inc. and following completion of the RTO the common shares of the Company were listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the ticker symbol "FRDY.

As a result of the RTO, the amalgamated company formed by the amalgamation of FDI and Cerro Subco became a wholly-owned subdidiary of FDHI. All outstanding warrants of FDI were converted for warrants of FDHI on a one-to-one basis. For accounting purposes, FDI is considered to be the acquirer and the Company as the acquiree. Accordingly, the condensed interim consolidated financial statements are in the name of Friday's Dog Holdings Inc.; however, they are a continuation of the financial statements of FDI (Note 4).

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

As at September 30, 2023, the Company has accumulated a deficit of $27,274,847 since inception and has working capital of $5,832,348. The operations of the Company have primarily been funded by the issuance of common shares. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management believes that the Company has sufficient working capital to meet the Company's obligations over the next twelve months.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

2. BASIS OF PRESENTATION (CONTINUED)

a) Statement of Compliance (Continued)

These condensed interim consolidated financial statements do not include all of the information required of annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the annual consolidated financial statements of FDI for the year ended December 31, 2022 and 2021.

b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, Friday's Dog (Canada) Inc., and Friday's Dog Inc. the Company's wholly owned subsidiaries incorporated in Canada, and Friday's Dog (USA) Inc. and Cair by David Cosmetics (California) Inc., the Company's wholly owned subsidiaries incorporated in Delaware, USA and California, USA respectively. On November 1, 2021, the Company dissolved Cair by David Cosmetics (California) Inc. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

d) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted. The functional currency of the Company, Friday's Dog (Canada) Inc., Friday' Dog Inc., Friday's Dog (USA), Inc. and Cair By David Cosmetics (California) Inc. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Where applicable, the functional currency is translated into the presentation currency using the period end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

e) Approval of the Financial Statements

The condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2023 and 2022 were approved and authorized for issue by the Board of Directors on November 27, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Critical accounting judgments and estimates

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrant.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Critical accounting judgments and estimates (continued)

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Reverse Takeover
Assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover, involves the use of judgement (Note 4).

b) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value and for damaged or expired inventory.

c) Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. Amounts received from customers in advance of revenue recognition are recorded as deferred revenue. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales taxes. No element of financing is deemed present as the sales are made with credit terms standard for the market.

d) New accounting standards, interpretations and amendments not yet effective

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended September 30, 2023 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its condensed interim consolidated financial statements.

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars - Unaudited)

4. REVERSE TAKEOVER TRANSACTION

As described in Note 1, on February 25, 2022, pursuant to the RTO between Cerro and FDI, the holders of FDI Shares each received one common share of FDHI for each FDI Share held. Likewise, all outstanding warrants of FDI were converted for warrants of FDHI on a one-to-one basis. The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and Cerro Subco. Pursuant to the RTO, FDI amalgamated with Cerro Subco and the holders of FDI Shares received one common share of the resulting issuer of the RTO for every one FDI Share held. The Company issued 24,707,750 common share of FDHI for every one FDI Share held. The amalgamated company became a wholly owned subsidiary of the FDHI. On closing of the RTO, Cerro changed its name to FDHI.

The RTO constituted a reverse acquisition of Cerro and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As Cerro did not qualify as a business according to the definition in IFRS 3, *Business Combination*, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an acquisition by FDI of the net assets of Cerro and its public listing. In connection to the RTO, the Company issued 1,750,000 shares as finders' fees. The fair value of the consideration paid less the Cerro net assets acquired, has been recognized as a listing expense in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022.

For accounting purposes, FDI was treated as the accounting parent company (legal subsidiary) and Cerro has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As FDI was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The assets, liabilities and results of operations of Cerro are included in these consolidated financial statements from the date of the acquisition on February 25, 2022.

The following represents the fair value of Cerro's net assets acquired as at February 25, 2022 as a result of the RTO:

	Total
	$
Cost of acquisition:	
Shares retained by Cerro shareholders - 27,243,929 shares at $0.50	13,621,965
Transaction costs – 1,750,000 shares at $0.50	875,000
	14,496,965
Allocated as follows:	
Cash	547,116
Receivables	25,173
Marketable securities	1,463
Accounts payable and accrued liabilities	(258,981)
	314,771
Allocated to listing expense	14,182,194
	14,496,965

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5. MARKETABLE SECURITIES

	As at September 30, 2023		
	Number	**Cost $**	**Fair Value $**
Great Atlantic Resources Corp. ("Great Atlantic")	6,500	1,463	195

As a result of the RTO (Note 4), the Company acquired the shares of Great Atlantic at $1,463. During the nine months ended September 30, 2023, the Company recorded a net decrease of marketable securities of $130 (September 30, 2022 -$1,138).

6. INVENTORIES

	September 30, 2023	December 31, 2022
	$	$
Finished goods	763,899	907,079

As at September 30, 2023, all of the Company's inventory was considered finished goods, which consisted of $763,899 (December 31, 2022 - $906,306) related to the pet hygienic line and $nil (December 31, 2022 - $773) related to pet treats.

During the year ended December 31, 2022 management prepared an impairment assement of inventory. As a result, the Company recorded a write down of inventory of $983,906.

7. PROPERTY AND EQUIPMENT

	Furniture Equipment
	$
Cost:	
Balance, December 31, 2021	18,696
Additions	6,535
Balance, December 31, 2022	25,231
Additions	-
Balance, September 30, 2023	25,231
Depreciation:	
Balance, December 31, 2021	1,870
Depreciation for the year	4,019
Balance, December 31, 2022	5,889
Depreciation for the period	2,901
Balance, September 30, 2023	8,790
Net book value:	
As at December 31, 2022	19,342
As at September 30, 2023	**16,441**

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
	$	$
Accounts payable	272,434	199,588
Accrued liabilities	185,500	180,807
	457,934	**380,395**

9. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES

Convertible debentures

	$
Balance, December 31, 2020	-
Proceeds	6,300,000
Allocation of proceeds to derivative liabilities	(1,664,158)
Accretion	499,065
Accrued interest	349,348
Balance, December 31, 2021	**5,484,255**
Accretion	1,165,093
Accrued interest	76,142
Conversion to shares	(6,725,490)
Balance, December 31, 2022 and September 30, 2023	**-**

Derivative liabilities

	$
Balance, December 31, 2020	-
Recognition of derivative liabilities	1,664,158
Gain on revaluation of derivative liabilities	(1,412,674)
Balance, December 31, 2021	**251,484**
Gain on revaluation of derivative liabilities	(251,484)
Balance, December 31, 2022 and September 30, 2023	**-**

During the year ended December 31, 2021, the Company closed and issued convertible debentures for aggregate total proceeds of $6,300,000 ("2021 Debentures").

The 2021 Debentures boar interest at 8% per annum and expire on April 23, 2023. At the option of the lenders, the lenders could convert their debentures and any accrued interest into common shares of the Company, for a price equal to the lower of (i) $0.70, and (ii) 70% of the liquidity event price, being (a) in the event of initial public offering ("IPO") and the price at which the Company's common shares or other securities were issued and sold; (b) in the event of a reverse takeover or merger transaction, the price attributed to the Company's common shares in that transaction or deemed issue price of the Company's common shares exchanged in the reverse takeover or merger transaction; or (c) in the event of a change of control, the price attributed to the Company's common shares in such transaction. In the event the convertible debentures remained outstanding at maturity, the debentures with its accrued interest would be payable, in cash or shares, at the option of the Company, at $0.70 per common share.

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9. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

As the conversion price of the convertible debentures varied depending on certain factors, the Company recorded an embedded derivative liability with respect to the conversion feature with the residual amount allocated to the debt component. The debt component was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative liabilities were initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The initial fair value of the embedded derivative for the 2021 Debentures was determined to be $1,664,158 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.22% - 0.31%
Dividend yield	-
Expected life	0.69 - 2.00 years
Volatility	100%
Probability of conversion at maturity	50%
Probability of conversion at $0.70 or a 70% of a liquidity event price	50%

As of December 31, 2021, the fair value of the embedded derivative for the 2021 Debentures was determined to be $251,484 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.10% - 0.31%
Dividend yield	-
Expected life	0.16 – 1.31 years
Volatility	100%
Probability of conversion at maturity	nil%
Probability of conversion at $0.70 or a 70% of a Liquidity Event Price	100%

In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company.

10. SHARE CAPITAL AND RESERVES

Authorized share capital

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

Issued share capital

During the year ended December 31, 2022:

a) In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company (Note 10).

b) Prior to the RTO, Cerro had issued 18,552,000 subscription receipts for proceeds of $9,276,000, which were held in escrow and released upon the completion of the RTO. Upon completion of the RTO, the Company issued 18,552,000 common shares and 9,276,000 warrants on the exercise of the subscription receipts. Each warrant entitles the holder to acquire one common share of the Company at a price of $1.00 for a period of two years. The Company incurred expenses of $213,080 related to the financing.

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10. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued share capital (continued)

c) As part of the RTO, the 27,243,929 shares retained by the Cerro shareholders at February 25, 2022 were valued at $13,621,965. In addition, the Company issued 1,750,000 shares of the Company valued at $875,000 for finders' fees (Note 4).

During the nine months ended September 30, 2023:

a) In accordance with the mutual release and settlement agreement with the estate of David Babaie (Note 15), 7,400,000 shares were cancelled and returned to treasury.

Escrowed shares

As at September 30, 2023 the Company has 7,042,227 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through February 2025.

Warrants

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2020	**1,124,999**	**0.05**
Exercised	(124,999)	0.05
Balance, December 31, 2021	**1,000,000**	**0.05**
Issued	9,276,000	**1.00**
Expired	(1,000,000)	**0.05**
Balance, December 31, 2022 and September 30, 2023	**9,276,000**	**1.00**

In September 2022, 1,000,000 warrants with an exercise price $0.05 expired unexercised. As a result, the Company transferred $167,200 representing the fair value of the warants from reserves to deficit.

A summary of the warrants outstanding and exercisable at September 30, 2023 is as follows:

Exercise Price	Number Outstanding and Exerisable	Grant Date	Expiry Date
$			
1.00	9,276,000	February 25, 2022	February 25, 2024

During the nine months ended September 30, 2023, the value of advisory warrants vested of $nil (September 30, 2022 - $nil) was recorded as consulting expense

11. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

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11. RELATED PARTY TRANSACTIONS (CONTINUED)

During the nine months ended September 30, 2023, the Company entered into the following transactions with key management personnel:

	For the nine months ended September 30,	
	2023	**2022**
	$	$
Consulting and management fees	**381,194**	716,925

As at September 30, 2023, accounts payable and accrued liabilities include $362,996 (December 31, 2022 - $100,985) due to officers and directors.

12. SEGMENTED INFORMATION

The Company has one operating segment, being the manufacture of hair care and pet care products. Geographic information is as follows:

September 30, 2023	**Canada**	**USA**	**Total**
	$	$	$
Current assets	5,526,383	763,899	6,290,282
Property and equipment	16,441	-	16,441
Total assets	5,542,824	763,899	6,306,723

September 30, 2023	**Canada**	**USA**	**Total**
	$	$	$
Revenue	-	443,437	443,437
Cost of sales	-	(445,950)	(445,950)

December 31, 2022	**Canada**	**USA**	**Total**
	$	$	$
Current assets	6,199,510	907,079	7,106,589
Property and equipment	19,342	-	19,342
Total assets	6,218,852	907,079	7,125,931

September 30, 2022	**Canada**	**USA**	**Total**
	$	$	$
Revenue	-	47,318	47,318
Cost of sales	-	(68,727)	(68,727)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits, accounts payable and accrued liabilities, convertible debentures, and derivative liabilities. The Company's cash and cash equivalents and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are measured at fair value using level 1 inputs. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Note 10.

The Company is exposed to a variety of financial risks by virtue of its activities including the following:

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and cash equivalents. Risk associated with cash and cash equivalents is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares. Liquidity risk is assessed as low.

c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) Foreign exchange risk
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at September 30, 2023, the Company had a foreign currency net monetary asset position of approximately US$5,872. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain or loss of approximately $1,073.

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14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other shareholders. The Company considers the items included in shareholders' equity (deficiency) as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management.

15. MISAPPROPRIATION OF ASSETS

For the years ended December 31, 2021 and 2020, the Company identified payments made to certain vendors and to a former officer of the Company. The payments related to purported equipment and product purchases and research activities. The Company has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000) (2020 - $1,347,430 (US$1,012,053)).

In December 2022 the Company entered into a mutual release and settlement agreement (the "Settlement Agreement") with the estate of David Babaie, a former officer of the Company (the "Estate"), with regards to certain creditor claims filed by a wholly-owned subsidiary ("FDI") of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer (the "Claims").

Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

SCHEDULE "D"

FINANCIAL STATEMENTS OF FDHI FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

FRIDAY'S DOG HOLDINGS INC.

(Formerly Cerro Mining Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Friday's Dog Holdings Inc. (formerly Cerro Mining Corp.)

Opinion

We have audited the accompanying consolidated financial statements of Friday's Dog Holdings Inc. (formerly Cerro Mining Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Completeness and accuracy of revenue

As stated on the consolidated statements of loss and comprehensive loss, revenue for the year ended December 31, 2022 was $157,281. As more fully described in Note 3, revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured.

The principal consideration for our determination that the recognition of revenue is a key audit matter are the volume of low value transactions and this being the first year of operations for the Company. This in turn lead to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence for revenue recognized.

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Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Evaluating the appropriateness of management's assessment of revenue recognition criteria based on the Company's sales arrangements.
- Performing substantive testing procedures over revenue transactions including, testing of operating documents, source documents and third-party reports to ensure completeness, occurrence, accuracy and appropriate cut-off of revenue recognized.

Accounting for the reverse takeover ("RTO") transaction

As described in Notes 1 and 4 to the consolidated financial statements, the Company completed its RTO transaction with Friday's Dog Inc. ("FDI"). For accounting purposes, FDI is considered to be the acquirer and Cerro Mining Corp. (subsequently changed name to Friday's Dog Holdings Inc.) as the acquiree. Accordingly, the consolidated financial statements are in the name of the Company; however, they are a continuation of the financial statements of FDI. The transaction was accounted for as an acquisition by FDI of the net assets of Cerro Mining Corp. and its public listing. The fair value of the consideration paid less net assets acquired, has been recognized as a listing expense in the consolidated statements of loss and comprehensive loss.

We identified the accounting for the RTO transaction as a key audit matter in respect of whether the set of assets acquired, and liabilities assumed constituted a business. This matter represented an area of significant risk of material misstatement given the high degree of estimation uncertainty. A high degree of auditor judgment, subjectivity, and effort were required in performing procedures to evaluate management's significant judgements in assessing the accounting for the transaction and the fair value of the net assets acquired.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Evaluating the appropriateness of management's assessment of whether the transaction constituted an asset acquisition or business combination.
- Examining and evaluating the contractual terms identified in the underlying agreements associated with the transaction for consistency with the disclosures and amounts recorded in the consolidated financial statements.
- Ensuring purchase price equation is calculated appropriately, including evaluating the methodology used to determine the fair value of the consideration paid and auditing the net assets acquired.

Valuation of Inventories

As described in Note 7 to the consolidated financial statements, the Company has $907,079 of inventories as of December 31, 2022. As more fully described in Note 3, inventories are valued at the lower of cost and net realizable value and provisions are made in profit or loss in the period for any difference between book value and net realizable value and for damaged or expired inventory.

The principal consideration for our determination that the valuation of inventory is a key audit matter are that there is an inherent level of subjectivity and judgement made by management to assess the net realizable value of inventory. This in turn lead to a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate audit evidence relating to the estimates made by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Attending and observing management's year-end inventory count and performing two-directional test counts.
- Performing a reconciliation of ending inventory including sample testing purchases.
- Reviewing and assessing appropriateness of inventory costing methodology, including performing impairment testing to ensure inventory is carried at lower of cost and net realizable value.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 28, 2023

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents		6,006,137	1,154,872
Receivables		101,955	28,297
Marketable securities	5	325	-
Deposits	6	-	1,092,007
Inventories	7	907,079	-
Prepaid expenses		91,093	25,242
		7,106,589	2,300,418
Property and equipment	8	19,342	16,826
		7,125,931	2,317,244
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	380,395	325,355
Convertible debentures, net	10	-	5,484,255
Derivative liabilities	10	-	251,484
		380,395	6,061,094
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	11	33,123,636	2,838,261
Reserves	11	-	167,200
Deficit		(26,378,100)	(6,749,311)
		6,745,536	(3,743,850)
		7,125,931	2,317,244

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board of Directors on April 28, 2023:

"Arthur Kwan" Director *"Ali Sodagar"* Director

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	For the years ended December 31, 2022	2021
		$	$
Revenue			
Sales		157,281	-
Cost of sales		(231,999)	-
Gross loss		(74,718)	-
Expenses			
Accretion expense	10	1,165,093	499,065
Consulting and management fees	11, 12	951,747	630,714
Depreciation	8	4,019	1,870
Filing fees		62,103	-
Foreign exchange loss		31,843	4,146
General and administration expenses		230,371	36,092
Interest expense	10	76,142	349,348
Marketing		1,511,362	1,064,443
Product development		363,615	192,599
Professional fees		417,275	432,014
Travel and related		48,604	5,403
		(4,862,174)	(3,215,694)
Loss from operations		(4,936,892)	(3,215.694)
Other income and expenses			
Gain on revaluation of derivative liabilities	10	251,484	1,412,674
Net change in marketable securities	5	(1,138)	-
Interest income		56,657	-
Listing expense	4	(14,182,194)	-
Write down of inventory	7	(983,906)	-
Misappropriation of assets	16	-	(742,798)
		(14,859,097)	669,876
Loss and comprehensive loss for the year		(19,795,989)	(2,545,818)
Basic and diluted loss per share		(0.24)	(0.10)
Weighted average number of common shares outstanding – basic and diluted		82,016,251	24,297,613

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended December 31, 2022	2021
	$	$
Cash flows used in operating activities		
Net loss for the year	(19,795,989)	(2,545,818)
Items not involving cash and cash equivalents		
Accretion	1,165,093	499,065
Accrued Interest	76,142	349,348
Depreciation	4,019	1,870
Listing expense	14,182,194	-
Gain on revaluation of derivative liabilities	(251,484)	(1,412,674)
Advisory warrants included in consulting fees	-	5,457
Net change in marketable securities	1,138	-
Write down of inventory	983,906	-
	(3,634,981)	(3,102,752)
Changes in non-cash working capital items		
Receivables	(48,485)	(26,994)
Deposits	1,029,117	(1,092,007)
Inventories	(1,890,985)	-
Prepaid expenses	(2,961)	(25,242)
Accounts payable and accrued liabilities	(203,941)	(96,004)
	(4,752,236)	(4,342,999)
Cash flows from (used in) investing activities		
Cash acquired on RTO	547,116	-
Purchase of property and equipment	(6,535)	(18,696)
	540,581	(18,696)
Cash flows from financing activities		
Proceeds from share issuance	9,276,000	-
Share issuance costs	(213,080)	-
Proceeds from warrants exercised	-	6,250
Proceeds from the issuance of convertible debentures	-	5,495,000
	9,062,920	5,501,250
Net change in cash and cash equivalents	4,851,265	1,139,555
Cash and cash equivalents, beginning of year	1,154,872	15,317
Cash and cash equivalents, end of year	6,006,137	1,154,872
Non-cash transactions		
Shares issued for convertible debentures	6,725,490	-
Shares issued for debt settlement	-	70,000
Reclassification of expired warrants	167,200	-
Reclassification of exercised warrants	-	20,904
Subscriptions received in advance	-	805,000
Obligation to issue shares	-	250,000

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

FRIDAY'S DOG HOLDINGS INC. (Formerly Cerro Mining Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Obligations to issue shares	Reserves	Deficit	Shareholders' Equity (Deficiency)
		$	$	$	$	$
Balance at December 31, 2020	**23,882,751**	**2,491,107**	**250,000**	**182,647**	**(4,203,493)**	**(1,279,739)**
Shares issued for debt settlement	200,000	70,000	-	-	-	70,000
Obligations to issue shares	500,000	250,000	(250,000)	-	-	-
Advisory warrants	-	-	-	5,457	-	5,457
Warrants exercised	124,999	27,154	-	(20,904)	-	6,250
Loss for the year	-	-	-	-	(2,545,818)	(2,545,818)
Balance at December 31, 2021	**24,707,750**	**2,838,261**	**-**	**167,200**	**(6,749,311)**	**(3,743,850)**
Shares issued for subscription receipts	18,552,000	9,276,000	-	-	-	9,276,000
Shares issued for RTO	27,243,929	13,621,965	-	-	-	13,621,965
Shares issuance costs	-	(213,080)	-	-	-	(213,080)
Shares issued for finders fee	1,750,000	875,000	-	-	-	875,000
Shares issued for conversion of convertible debentures	19,215,673	6,725,490	-	-	-	6,725,490
Warrants expired	-	-	-	(167,200)	167,200	-
Loss for the year	-	-	-	-	(19,795,989)	(19,795,989)
Balance at December 31, 2022	**91,469,352**	**33,123,636**	**-**	**-**	**(26,378,100)**	**6,745,536**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Friday's Dog Holdings Inc. (the "Company" or "FDHI"), formerly Cerro Mining Corp. ("Cerro"), is the legal parent company of Friday's Dog Inc. ("FDI"). The Company was incorporated on February 27, 1987 under the *Business Corporations Act* (British Columbia). Its principal place of business is located at 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

On February 25, 2022, the Company completed its reverse takeover transaction with FDI (the "RTO"). The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly-owned subsidiary of Cerro ("Cerro Subco"). FDI amalgamated with Cerro Subco and the holders of common shares of FDI (each a "FDI Share") received one common share of the resulting issuer of the RTO for every one FDI Share held. As part of the RTO, on February 25, 2022, Cerro changed its name to Friday's Dog Holdings Inc. and following completion of the RTO the common shares of the Company were listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the ticker symbol "FRDY.

As a result of the RTO, the amalgamated company formed by the amalgamation of FDI and Cerro Subco became a wholly-owned subdidiary of FDHI. All outstanding warrants of FDI were converted for warrants of FDHI on a one-to-one basis. For accounting purposes, FDI is considered to be the acquirer and the Company as the acquiree. Accordingly, the consolidated financial statements are in the name of Friday's Dog Holdings Inc.; however, they are a continuation of the financial statements of FDI (Note 4).

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

As at December 31, 2022, the Company has accumulated a deficit of $26,378,100 since inception and has working capital of $6,726,194. The operations of the Company have primarily been funded by the issuance of common shares. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management believes that the Company has sufficient working capital to meet the Company's obligations over the next twelve months.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, Friday's Dog (Canada) Inc., and Friday's Dog Inc. the Company's wholly owned subsidiaries incorporated in Canada, and Friday's Dog (USA) Inc. and Cair by David Cosmetics (California) Inc., the Company's wholly owned subsidiaries incorporated in Delaware, USA and California, USA respectively. On November 1, 2021, the Company dissolved Cair by David Cosmetics (California) Inc. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

d) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted. The functional currency of the Company, Friday's Dog (Canada) Inc., Friday' Dog Inc., Friday's Dog (USA), Inc. and Cair By David Cosmetics (California) Inc. is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Where applicable, the functional currency is translated into the presentation currency using the period end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

e) Approval of the Financial Statements

The consolidated financial statements of the Company for the year ended December 31, 2022 were approved and authorized for issue by the Board of Directors on April 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Critical accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrant.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgments and estimates (continued)

Reverse Takeover
Assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover, involves the use of judgement (Note 4).

b) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) 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 classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified as follows:

Financial instrument	**Measurement**
Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Marketable securities	FVTPL
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Derivative liabilities	FVTPL

<u>Financial Assets</u>
Subsequent to initial recognition, financial assets classified and measured at amortized cost using the effective interest method.

Financial assets classified as FVTPL are recognized initially at fair values less transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in comprehensive income. The fair value measurements are based on level 1 inputs, being quoted prices in active markets for identical instruments.

Impairment of financial assets at amortized cost

The Company recognizes an allowance using the ECL model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial Liabilities

Financial liabilities are classified as and are measured at amortized cost subsequent to initial measurement at fair value, except derivative liabilities. The derivative liabilities are initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates with original maturities of three months or less.

The breakdown of cash and cash equivalents on hand is as follows:

	December 31, 2022	December 31, 2021
	$	$
Cash	88,448	1,154,872
Cash equivalents	5,917,689	-
	6,006,638	1,154,872

d) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rate is applicable as follows:

Furniture and equipment   20% Declining balance

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value and for damaged or expired inventory.

f) Convertible debenture and derivative liability

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components, or if both components represent liabilities. For convertible debentures which provide conversion into a fixed number of shares (the "fixed-for-fixed" criteria), the liability component is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The liability component is accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

For convertible debentures which provide conversion into a variable number of shares or into a fixed number of shares for a variable amount of consideration, the conversion option is accounted for as an embedded derivative, which is separated from the host contract. The conversion option of the convertible debentures outstanding at December 31, 2021 met the criteria of a derivative instrument liability because the conversion price of the convertible debentures varied depending on certain factors and thus did not meet the "fixed-for-fixed" criteria. As a result, the Company separately accounts for the conversion feature as a derivative liability recorded at fair value and marked-to-market each period with the changes in the fair value recognized in profit or loss. The liability component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the derivative liability.

a) Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of the equity instruments issued is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

b) Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. Amounts received from customers in advance of revenue recognition are recorded as deferred revenue. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales taxes. No element of financing is deemed present as the sales are made with credit terms standard for the market.

c) Income taxes

Current income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on taxable income for the year. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current income tax relating to items recognized directly in equity is recognized in the statements of changes in equity (deficiency) and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

d) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

e) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the consolidated financial statements as at December 31, 2022 and 2021.

f) New accounting standards, interpretations and amendments not yet effective

The following amendments will be effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards, interpretations and amendments not yet effective (continued)

The Company anticipates that these amendments will not have a material impact on the results and financial position of the Company.

4. REVERSE TAKEOVER TRANSACTION

As described in Note 1, on February 25, 2022, pursuant to the RTO between Cerro and FDI, the holders of FDI Shares each received one common share of FDHI for each FDI Share held. Likewise, all outstanding warrants of FDI were converted for warrants of FDHI on a one-to-one basis. The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and Cerro Subco. Pursuant to the RTO, FDI amalgamated with Cerro Subco and the holders of FDI Shares received one common share of the resulting issuer of the RTO for every one FDI Share held. The Company issued 24,707,750 common share of FDHI for every one FDI Share held. The amalgamated company became a wholly owned subsidiary of the FDHI. On closing of the RTO, Cerro changed its name to FDHI.

The RTO constituted a reverse acquisition of Cerro and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As Cerro did not qualify as a business according to the definition in IFRS 3, *Business Combination*, this reverse acquisition did not constitute a business combination; rather the transaction was accounted for as an acquisition by FDI of the net assets of Cerro and its public listing. In connection to the RTO, the Company issued 1,750,000 shares as finders' fees. The fair value of the consideration paid less the Cerro net assets acquired, has been recognized as a listing expense in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022.

For accounting purposes, FDI was treated as the accounting parent company (legal subsidiary) and Cerro has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As FDI was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The assets, liabilities and results of operations of Cerro are included in these consolidated financial statements from the date of the acquisition on February 25, 2022.

The following represents the fair value of Cerro's net assets acquired as at February 25, 2022 as a result of the RTO:

	Total
	$
Cost of acquisition:	
Shares retained by Cerro shareholders - 27,243,929 shares at $0.50	13,621,965
Transaction costs – 1,750,000 shares at $0.50	875,000
	14,496,965
Allocated as follows:	
Cash	547,116
Receivables	25,173
Marketable securities	1,463
Accounts payable and accrued liabilities	(258,981)
	314,771
Allocated to listing expense	14,182,194
	14,496,965

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

	As at December 31, 2022		
	Number	Cost $	Fair Value $
Great Atlantic Resources Corp. ("Great Atlantic")	6,500	1,463	325

As a result of the RTO (Note 4), the Company acquired the shares of Great Atlantic at $1,463. During the year ended December 31, 2022, the Company recorded a net decrease of marketable securities of $1,138 (2021 -$nil).

6. DEPOSITS

As at December 31, 2022, the Company has paid deposits of $nil (December 31, 2021 - $1,092,007) towards the purchase of bottle samplings and, future products.

7. INVENTORIES

	December 31, 2022	December 31, 2021
	$	$
Finished goods	907,079	-

As at December 31, 2022, all of the Company's inventory was considered finished goods, which consisted of $906,306 (December 31, 2021 - $nil) related to the pet hygienic line and $773 (December 31, 2021 - $nil) related to pet treats.

As at December 31, 2022 management prepared an impairment assement of inventory. As a result, the Company recorded a write down of inventory of $983,906.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Furniture Equipment
	$
Cost:	
Balance, December 31, 2020	-
Additions	18,696
Balance, December 31, 2021	18,696
Additions	6,535
Balance, December 31, 2022	25,231
Depreciation:	
Balance, December 31, 2020	-
Depreciation for the year	1,870
Balance, December 31, 2021	1,870
Depreciation for the year	4,019
Balance, December 31, 2022	5.889
Net book value:	
As at December 31, 2021	16,826
As at December 31, 2022	**19,342**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
	$	$
Accounts payable	199,588	28,828
Accrued liabilities	180,807	296,527
	380,395	**325,355**

10. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES

Convertible debentures

	$
Balance, December 31, 2020	-
Proceeds	6,300,000
Allocation of proceeds to derivative liabilities	(1,664,158)
Accretion	499,065
Accrued interest	349,348
Balance, December 31, 2021	**5,484,255**
Accretion	1,165,093
Accrued interest	76,142
Conversion to shares	(6,725,490)
Balance, December 31, 2022	**-**

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

Derivative liabilities

	$
Balance, December 31, 2020	-
Recognition of derivative liabilities	1,664,158
Gain on revaluation of derivative liabilities	(1,412,674)
Balance, December 31, 2021	**251,484**
Gain on revaluation of derivative liabilities	(251,484)
Balance, December 31, 2022	**-**

During the year ended December 31, 2021, the Company closed and issued convertible debentures for aggregate total proceeds of $6,300,000 ("2021 Debentures").

The 2021 Debentures boar interest at 8% per annum and expire on April 23, 2023. At the option of the lenders, the lenders could convert their debentures and any accrued interest into common shares of the Company, for a price equal to the lower of (i) $0.70, and (ii) 70% of the liquidity event price, being (a) in the event of initial public offering ("IPO") and the price at which the Company's common shares or other securities were issued and sold; (b) in the event of a reverse takeover or merger transaction, the price attributed to the Company's common shares in that transaction or deemed issue price of the Company's common shares exchanged in the reverse takeover or merger transaction; or (c) in the event of a change of control, the price attributed to the Company's common shares in such transaction. In the event the convertible debentures remained outstanding at maturity, the debentures with its accrued interest would be payable, in cash or shares, at the option of the Company, at $0.70 per common share.

As the conversion price of the convertible debentures varied depending on certain factors, the Company recorded an embedded derivative liability with respect to the conversion feature with the residual amount allocated to the debt component. The debt component was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative liabilities were initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The initial fair value of the embedded derivative for the 2021 Debentures was determined to be $1,664,158 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.22% - 0.31%
Dividend yield	-
Expected life	0.69 - 2.00 years
Volatility	100%
Probability of conversion at maturity	50%
Probability of conversion at $0.70 or a 70% of a liquidity event price	50%

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

As of December 31, 2021, the fair value of the embedded derivative for the 2021 Debentures was determined to be $251,484 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.10% - 0.31%
Dividend yield	-
Expected life	0.16 – 1.31 years
Volatility	100%
Probability of conversion at maturity	nil%
Probability of conversion at $0.70 or a 70% of a Liquidity Event Price	100%

In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company.

11. SHARE CAPITAL AND RESERVES

Authorized share capital

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

Issued share capital

During the year ended December 31, 2021:

a) In July 2021, the Company issued 200,000 common shares with a fair value of $70,000 pursuant to a debt settlement for unpaid management fees.

b) In July 2021, the Company issued 500,000 common shares to settle its obligation to issue shares of $250,000. The obligation related to a March 2020 consulting agreement with a former officer whereby the Company was required to issue 500,000 common shares with a value of $250,000 as part of the compensation.

c) The Company issued 124,999 common shares in connection with the exercise of 124,999 warrants with an exercise price of $0.05 for total proceeds of $6,250. In relation to the exercise of the warrants, the proportionate fair value of $20,904 was reclassified from reserves to share capital.

During the year ended December 31, 2022:

a) In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company (Note 10).

b) Prior to the RTO, Cerro had issued 18,552,000 subscription receipts for proceeds of $9,276,000, which were held in escrow and released upon the completion of the RTO. Upon completion of the RTO, the Company issued 18,552,000 common shares and 9,276,000 warrants on the exercise of the subscription receipts. Each warrant entitles the holder to acquire one common share of the Company at a price of $1.00 for a period of two years. The Company incurred expenses of $213,080 related to the financing.

c) As part of the RTO, the 27,243,929 shares retained by the Cerro shareholders at February 25, 2022 were valued at $13,621,965. In addition, the Company issued 1,750,000 shares of the Company valued at $875,000 for finders' fees (Note 4).

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (CONTINUED)

Escrowed shares

As at December 31, 2022, the Company has 17,911,211 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through February 2025.

Advisory warrants

In September 2022, 1,000,000 warrants with an exercise price $0.05 expired unexercised. As a result, the Company transferred $167,200 representing the fair value of the warants from reserves to deficit.

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2020	**1,124,999**	**0.05**
Exercised	(124,999)	0.05
Balance, December 31, 2021	**1,000,000**	**0.05**
Issued	9,276,000	**1.00**
Expired	(1,000,000)	**0.05**
Balance, December 31, 2022	**9,276,000**	**1.00**

A summary of the warrants outstanding and exercisable at December 31, 2022 is as follows:

Exercise Price	Number Outstanding and Exerisable	Grant Date	Expiry Date
$			
1.00	9,276,000	February 25, 2022	February 25, 2024

During the year ended December 31, 2021, the Company recognized consulting expenses of $5,457 realting to the vesting of certain previously issued advisory warrants.

12. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the year ended December 31, 2022, the Company entered into the following transactions with key management personnel:

	For the year ended December 31, 2022	2021
	$	$
Consulting and management fees	**839,605**	604,818

As at December 31, 2022, accounts payable and accrued liabilities include $100,985 (2021 - $nil) due to officers and directors.

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company has one operating segment, being the manufacture of hair care and pet care products. Geographic information is as follows:

December 31, 2022	Canada	USA	Total
	$	$	$
Current assets	6,199,510	907,079	7,106,589
Property and equipment	19,342	-	19,342
Total assets	6,218,852	907,079	7,125,931

December 31, 2022	Canada	USA	Total
	$	$	$
Revenue	-	157,281	157,281
Cost of sales	-	(231,999)	(231,999)

December 31, 2021	Canada	USA	Total
	$	$	$
Current assets	1,211,411	1,089,007	2,300,418
Property and equipment	16,826	-	16,826
Total assets	1,228,237	1,089,007	2,317,244

December 31, 2021	Canada	USA	Total
	$	$	$
Revenue	-	-	-
Cost of sales	-	-	-

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits, accounts payable and accrued liabilities, convertible debentures, and derivative liabilities. The Company's cash and cash equivalents and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are measured at fair value using level 1 inputs. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Note 10.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company is exposed to a variety of financial risks by virtue of its activities including the following:

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and cash equivalents. Risk associated with cash and cash equivalents is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares. Liquidity risk is assessed as low.

c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) Foreign exchange risk
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2022, the Company had a foreign currency net monetary liability position of approximately US$4,253. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $576.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other shareholders. The Company considers the items included in shareholders' equity (deficiency) as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian Dollars)

16. MISAPPROPRIATION OF ASSETS

For the years ended December 31, 2021 and 2020, the Company identified payments made to certain vendors and to a former officer of the Company. The payments related to purported equipment and product purchases and research activities. The Company has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000) (2020 - $1,347,430 (US$1,012,053)).

In December 2022 the Company entered into a mutual release and settlement agreement (the "Settlement Agreement") with the estate of David Babaie, a former officer of the Company (the "Estate"), with regards to certain creditor claims filed by a wholly-owned subsidiary ("FDI") of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer (the "Claims").

Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (subsequently surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

17. INCOME TAXES

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

	2022	2021
	$	$
Loss for the year	(19,795,989)	(2,545,818)
Expected income tax (recovery)	(5,345,000)	(687,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(32,000)
Permanent differences	3,830,000	272,000
Impact of RTO	(7,465,000)	-
Adjustment to prior years provision	218,000	
Change in unrecognized deductible temporary differences	8,762,000	447,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows :

	2022	2021
	$	$
Deferred tax assets (liabilities)		
Share issue costs	1,000	-
Convertible debentures and derivative liabilities	-	(247,000)
Non-capital losses	9,879,000	247,000
Property and equipment	9,000	-
	9,889,000	-
Unrecognized deferred tax assets	(9,889,000)	-
Net deferred tax assets	-	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (CONTINUED)

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

	2022	Expiry Date Range	2021	Expiry Date Range
	$		$	
Temporary Differences				
Property and equipment	35,000	No expiry date	2,000	No expiry date
Allowable capital losses	-	No expiry date	261,000	No expiry date
Non-capital losses				
Canada	36,041,000	2033 to 2042	3,911,000	2039 to 2041
US	1,000	Indefinite	1,000	Indefinite

FRIDAY'S DOG HOLDINGS INC.

(formerly Cerro Mining Corp.)

Consolidated Financial Statements

Years Ended January 31, 2022 and 2021

Expressed in Canadian dollars

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Friday's Dog Holdings Inc. (formerly Cerro Mining Corp.)

Opinion

We have audited the consolidated financial statements of Friday's Dog Holdings Inc. (formerly Cerro Mining Corp.) (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues from operations and has negative cash flow from operating activities during the year ended January 31, 2022 and, as of that date, the Company has an accumulated deficit of $50,804,215. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 31, 2022

Friday's Dog Holdings Inc.
(formerly Cerro Mining Corp.)
Consolidated Statements of Financial Position
Expressed in Canadian dollars

	Notes	January 31 2022 $	January 31, 2021 $
ASSETS			
Current			
Cash		539,987	278,355
Restricted cash	6	9,285,899	-
Marketable securities	3	1,463	4,225
GST receivable		23,484	4,761
Total current assets		9,850,833	287,341
LIABILITIES			
Current			
Trade payables and accrued liabilities		169,858	51,222
Total current liabilities		169,858	51,222
SHAREHOLDERS' EQUITY			
Share capital	7	42,877,051	42,228,051
Subscription receipts	7	9,224,483	-
Share-based payment reserve		9,263,967	9,263,967
Accumulated other comprehensive loss		(880,311)	(877,549)
Deficit		(50,804,215)	(50,378,350)
Total shareholders' equity		9,680,975	236,119
Total liabilities and shareholders' equity		9,850,833	287,341

Nature of operations and going concern (note 1)
Subsequent event (note 12)

Approved and authorized for issue by the board of directors on May 31, 2022:

"Ali Sodagar"
Ali Sodagar, Director

"Anthony Paterson"
Anthony Paterson, Director

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

Friday's Dog Holdings Inc.
(formerly Cerro Mining Corp.)
Consolidated Statements of Operations and Comprehensive Loss
Expressed in Canadian dollars

Year ended January 31	Notes	2022 $	2021 $
General and administrative expenses			
Exploration and evaluation costs		-	2,765
General and administrative		1,699	(517)
Management fees	8	18,150	18,304
Professional fees		389,926	52,951
Transfer agent and filing fees		36,511	17,099
		(446,286)	(90,602)
Other items			
Finance costs		-	(3,245)
Foreign exchange loss		-	(4,869)
Gain on dissolution of subsidiary		10,522	–
Gain on settlement of debt		-	24,006
Gain on sale of subsidiary	5	-	132,779
Interest income		9,899	–
		20,421	148,671
Net income (loss) for the year		(425,865)	58,069
Items that will not be reclassified to income (loss):			
Unrealized loss on marketable securities		(2,762)	(325)
Comprehensive income (loss) for the year		(428,627)	57,744
Comprehensive income (loss) per share, basic and diluted		(0.02)	0.00
Weighted average common shares outstanding, basic and diluted		24,422,011	14,375,077

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

Friday's Dog Holdings Inc.
(formerly Cerro Mining Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
Expressed in Canadian dollars

	Number of Shares	Number of Subscription Receipts	Common Shares $	Subscription Receipts $	Share-based Payment Reserve $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Total Shareholders' Equity (Deficiency) $
Balance, January 31, 2020	7,243,929	-	41,734,214	-	9,263,967	(877,224)	(50,436,419)	(315,462)
Issuance of common shares	10,000,000	-	500,000	-	-	-	-	500,000
Share issuance costs	-	-	(6,163)	-	-	-	-	(6,163)
Unrealized loss on marketable securities	-	-	-	-	-	(325)	-	(325)
Net income for the year	-	-	-	-	-	-	58,069	58,069
Balance, January 31, 2021	17,243,929	-	42,228,051	-	9,263,967	(877,549)	(50,378,350)	236,119
Subscription receipts	-	18,552,000	-	9,276,000	-	-	-	9,276,000
Exercise of warrants	10,000,000	-	650,000	-	-	-	-	650,000
Share issuance costs	-	-	(1,000)	(51,517)	-	-	-	(52,517)
Unrealized loss on marketable securities	-	-	-	-	-	(2,762)	-	(2,762)
Net loss for the year	-	-	-	-	-	-	(425,865)	(425,865)
Balance, January 31, 2022	**27,243,929**	**18,552,000**	**42,877,051**	**9,224,483**	**9,263,967**	**(880,311)**	**(50,804,215)**	**9,680,975**

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

Friday's Dog Holdings Inc.
(formerly Cerro Mining Corp.)
Consolidated Statements of Cash Flows
Expressed in Canadian dollars

Year ended January 31	2022 $	2021 $
Cash provided by (used in):		
Operating activities		
Income (loss) for the year	(425,865)	58,069
Items not involving cash:		
Finance costs	-	3,245
Gain on sale of subsidiary	-	(132,779)
Gain on settlement of debt	-	(24,006)
Gain on dissolution of subsidiary	(10,522)	-
Interest earned on restricted cash	(9,899)	-
Changes in non-cash working capital items:		
GST receivable	(18,723)	(3,912)
Trade payables and accrued liabilities	129,158	(89,773)
	(335,851)	(189,156)
Investing activities		
Restricted cash	(9,276,000)	-
	(9,276,000)	-
Financing activities		
Shares issued for cash	650,000	500,000
Share issuance costs	(52,517)	(6,163)
Subscription receipts offering	9,276,000	-
Loans received	-	25,000
Loans repaid	-	(55,000)
	9,873,483	463,837
Change in cash	261,632	274,681
Cash, beginning of year	278,355	3,674
Cash, end of year	539,987	278,355

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

1. Nature of Operations and Going Concern

Friday’s Dog Holdings Inc. (formerly Cerro Mining Corp.) (the “Company”) was incorporated pursuant to the Business Corporations Act of British Columbia and is a shell company seeking a new business venture. The Company’s shares were listed on the NEX board of the TSX Venture Exchange (the “TSXV”). Subsequent to year end, the Company completed a transaction with Friday’s Dog Inc. (“FDI”) and its common shares were listed on Tier 2 of the TSXV. See note 6 for further particulars.

The Company’s head office and principal place of business is 1030 West Georgia Street, Suite 710, Vancouver, BC, V6E 2Y3. FDI and its subsidiaries are collectively referred to as the “Company”.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended January 31, 2022, the Company has not generated any revenues and incurred negative cash flow from operations. As at January 31, 2022, the Company had an accumulated deficit of $50,804,215 (2021 - $50,378,350). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The covid-19 pandemic has had adverse impacts on the Canadian and global economies, disruptions of financial markets and created uncertainty regarding the Company’s future operations. The extent to which the covid-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments which are highly uncertain and cannot be predicted. Such future developments include but are not limited to the effectiveness of vaccine programs, new covid-19 variants and remedial actions and stimulus measures adopted by governments.

Even after the covid-19 pandemic subsides, the Company may experience adverse impacts to its business as a result of any economic recession or depression that occurs. The Company cannot reasonably estimate the impact of the pandemic on its business, liquidity, capital resources or financial results.

2. Significant Accounting Policies

(a) Basis of Presentation

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

2. Significant Accounting Policies (continued)

(b) Basis of Consolidation

These consolidated financial statements comprise the financial statements of Cerro and its subsidiaries, while still owned. These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of Cerro and its subsidiaries after eliminating inter-entity balances and transactions, including the accounts of Minera de Oro Arequipa until its dissolution in September 2021 and, until their disposition in March 2020, Compania Minera Cerro El Diablo and its subsidiary Sociedad Minera Capella Limitada.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

- Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, also liquidity of its assets, current working capital balance, and future commitments of the Company.

- Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

2. Significant Accounting Policies (continued)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Foreign Currency Translation

The Company’s presentation currency is the Canadian dollar. Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the consolidated statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(f) Mineral Interests

All of the Company’s projects are currently in the exploration and evaluation phase.

- Pre-exploration costs

  Pre-exploration costs are expensed in the period in which they are incurred.

2. Significant Accounting Policies (continued)

- Exploration and evaluation assets and expenditures

  Once the legal right to explore a property has been acquired, costs directly related to the acquisition of the exploration and evaluation assets are capitalized, on an area-of-interest basis. Subsequently, the exploration and evaluation assets are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by management, or sale.

Exploration expenditures incurred during the exploration and evaluation phase are expensed as incurred and included in the consolidated statement of operations.

The Company assesses interests in exploration properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development costs". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to property carrying values.

(g) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices, and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the consolidated statement of operations.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(h) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates. The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(i) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. 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 included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost.

The Company has made the following classifications:

Cash	FVTPL
Marketable securities	FVOCI
Trade payables and accrued liabilities	Amortized cost
Loans payable	Amortized cost

2. Significant Accounting Policies (continued)

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVOCI

Financial assets are classified as FVOCI when the financial asset is held within a business model whose objective is achieve by collecting the contractual cash flows as well as selling financial assets.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (continued)

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period 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 the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized.

2. Significant Accounting Policies (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority

(k) Income (Loss) Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be antidilutive. As at January 31, 2022, the Company had nil (2021 – 10,000,000) potentially dilutive shares outstanding.

(l) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. The Company's only component of comprehensive loss is unrealized holding gains and losses on marketable securities.

(m) Share-based Payments

When equity settled share purchase options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of operations over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of operations over the remaining vesting period.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Expressed in Canadian dollars

2. Significant Accounting Policies (continued)

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

When a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(n) Change in IFRS

Effective for the first time

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after February 1, 2021. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the consolidated financial statements.

Future accounting pronouncements

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after January 31, 2022. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

3. Marketable Securities

	January 31, 2022			January 31, 2021		
	Number	Cost $	Fair Value $	Number	Cost $	Fair Value $
Great Atlantic Resources Corp. (TSXV - GR)	6,500	880,000	1,463	6,500	880,000	4,225

The Company recorded an unrealized loss of $2,762 in the year ended January 31, 2022 (2021- $325) in comprehensive income (loss) regarding marketable securities.

4. Exploration and Evaluation Assets

Dorado Properties, Chile

The Company owned a 100% interest in the Dorado properties located in the Copiapo area of northern Chile. The Company disposed on the Dorado properties on the sale of its Chilean subsidiary which was sold March 2020 for total consideration of $1 resulting in a gain of $132,779.

Expressed in Canadian dollars

5. Sale of Chilean Subsidiary

On March 11, 2020, the Company entered into an agreement for the sale of its Chilean subsidiary Compania Minera Cerro El Diablo and its subsidiary Sociedad Minera Capella Limitada (collectively "CMCD"). CMCD has an interest in the Dorado mineral properties located in the Copiapo area of northern Chile. Consideration for the purchase of CMCD by the purchaser was $1. The agreement received the final approval from the TSXV on March 27, 2020. Upon the sale of CMCD, the Company recorded a gain on sale of $132,779:

	$
Proceeds on sale	1
Net book value of:	
Assets	–
Liabilities	(132,778)
Net liabilities	(132,778)
Gain on sale	132,779

6. Friday's Dog Inc.

In July 2021, the Company entered into a definitive agreement with CAIR by David Cosmetics Inc., a Los Angeles-based company focused on a premium hair care and pet care products business. AIR by David Cosmetics Inc. was renamed to Friday's Dog Inc. ("FDI")

Subsequent to year end, the Company's shareholders approved the transaction and, on February 25, 2022, the Company closed the reverse takeover (the "Transaction") of the Company by FDI. The Transaction was completed by way of a three-cornered amalgamation of the Company, FDI and a wholly owned subsidiary of FDI, 1308821 B.C. Ltd. The Company's common shares were relisted on Tier 2 of the TSXV. The Company intends to carry on the business of FDI as its primary business.

In connection with closing of the Transaction, the Company issued 43,923,424 common shares ("Consideration Shares") to the former shareholders of FDI ("FDI Shareholders"). The Consideration Shares issued to FDI Shareholders are subject to certain escrow and seed share resale restrictions pursuant to the policies of the TSXV. See note 12(a).

The Company also issued a finder's fee of 1,750,000 common shares as compensation for the introduction of FDI to the Company. These shares have been deposited into escrow and are subject to release from escrow over time in accordance with the policies of the TSXV.

In connection with the Transaction, the Company completed an offering of subscription receipts that, as at January 31, 2022, raised gross proceeds of $9,276,000 plus earned interest of $9,899, which will fund the operations of FDI. The funds were held in escrow with Computershare Trust Company of Canada until the Transaction closed. Net proceeds released to the Company from escrow on February 25, 2022 were $9,073,735:

	$
Gross proceeds	9,276,000
Finder's fees	(197,550)
Escrow agent fees	(15,530)
Interest earned in escrow	10,815
Net proceeds release from escrow	9,073,735

Expressed in Canadian dollars

7. Share Capital

Authorized: Unlimited number of common shares without par value

Subscription receipts

In May 2021, the Company completed an offering of subscription receipts raising gross proceeds of $10,109,000 by the issuance of 20,218,000 subscription receipts at a price of $0.50 per subscription receipt (the "Subscription Receipts Financing"). The gross proceeds of the Subscription Receipts Financing were deposited into escrow with Computershare Trust Company of Canada and were to be held in escrow until September 30, 2021 pending satisfaction or waiver of escrow release conditions including, among others, receipt of approval by the TSXV and approval by the Company's disinterested shareholders of the acquisition by the Company of all of the issued and outstanding common shares of FDI by way of the three-cornered amalgamation described above.

Due to the changes in FDI's circumstances, the Company sought and received approval to extend the escrow period since it was not possible to satisfy the escrow terms by September 30, 2021. Under the amended terms, each Subscription was automatically exchanged for one common share and one-half of a share purchase warrant exercisable at a price of $1.00 for two years following the closing of the Transaction. The amendment also extended the deadline for satisfaction or waiver of all escrow release conditions to December 31, 2021 or such later date on or before February 28, 2022 as the board of directors of the Company may determine. Subscribers holding 1,666,000 subscription receipts voted against or withheld their approval for the amended terms; their investment of $833,000 was returned to them.

The subscription receipts financing, as revised, raised gross proceeds of $9,276,000 less issuance costs of $51,517 as at January 31, 2022. See note 12(b).

Share issuances

On May 15, 2020, the Company closed a non-brokered private placement and issued 10,000,000 units at a price of $0.05 per unit for proceeds of $500,000. Each unit comprised one common share and one share purchase warrant exercisable until May 18, 2021 at an exercise price of $0.065 per share. The Company incurred share issuance costs of $6,163 relating to the private placement. The Company's CEO and his spouse each subscribed to 1,000,000 common shares for proceeds of $50,000.

On May 14, 2021, the Company issued 10,000,000 common shares for proceeds of $650,000 pursuant to the exercise of stock options.

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price $
Balance, January 31, 2020	–	–
Issued	10,000,000	0.065
Balance, January 31, 2021	10,000,000	0.065
Exercised	(10,000,000)	0.065
Balance, January 31, 2022	–	–

Friday's Dog Holdings Inc.
(formerly Cerro Mining Corp.)
Notes to the Consolidated Financial Statements
For the Years Ended January 31, 2022 and 2021
Expressed in Canadian dollars

8. Related Party Transactions

The Company incurred key management compensation as follows:

Year ended January 31	2022 $	2021 $
Management fees	18,150	13,700

During the year ended January 31, 2022, the amount of $18,150 (2021 - $7,700) was incurred to a company controlled by the Company's CFO for management fees.

During the year ended January 31, 2022, the amount of $nil (2021 - $6,000) was incurred to a company controlled by the President and CEO of the Company for management fees.

During the year ended January 31, 2021, the Company settled a $30,000 liability due to its former President and CEO for payment of $12,000 resulting in a gain on settlement of debt of $18,000.

9. Financial Instruments and Risk Management

(a) Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as follows:

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2022 $
Assets:				
Cash	539,987	–	–	539,987
Restricted cash	9,285,899	–	–	9,285,899
Marketable securities	1,463	–	–	1,463
	9,827,349	–	–	9,827,349

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2021 $
Assets:				
Cash	278,355	–	–	278,355
Marketable securities	4,225	–	–	4,225
	282,580	–	–	282,580

9. Financial Instruments and Risk Management (continued)

(a) Fair values (continued)

The fair values of other financial instruments, which include trade payable and accrued liabilities and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

(d) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements of foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, marketable securities, and equity comprising issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended January 31, 2021.

Expressed in Canadian dollars

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

Year ended January 31	2022 $	2021 $
Net income (loss) for the year	(425,865)	58,069
Statutory rate	27%	27%
Expected income tax expense (recovery)	(114,984)	15,679
Permanent differences and others	(59,546)	(3,259,870)
True-up of prior year differences	115,352	(1,478)
Change in unrecognized tax asset	59,178	3,245,669
Deferred income tax provision	-	-

As at January 31	2022 $	2021 $
Non-capital losses carried forward	7,461,934	7,284,782
Marketable securities	118,602	236,459
Share issuance costs	1,215	1,332
Exploration and evaluation assets	705,541	705,541
	8,287,292	8,228,114
Unrecognized tax assets	(8,287,292)	(8,228,114)
Deferred tax assets	-	-

	Loss carry-forwards $
January 31, 2026	93,812
January 31, 2027	683,966
January 31, 2028	1,370,600
January 31, 2029	1,419,869
January 31, 2030	1,264,547
January 31, 2031	1,225,443
January 31, 2032	891,217
January 31, 2033	563,255
January 31, 2034	302,898
January 31, 2035	138,992
January 31, 2036	73,954
January 31, 2037	11,580
January 31, 2040	129,744
January 31, 2041	18,810,150
January 31, 2042	656,766
Cumulative non-capital losses carried forward	27,636,793

12. Subsequent Events

(a) On February 25, 2022 the Company closed the Transaction with FDI by issuing 43,923,423 common shares to the FDI shareholders (see note 6). The Company issued 1,7500,000 common shares as a finder’s fee in connection with the Transaction.

(b) On February 25, 2022, concurrent with the closing of the Transaction, the Company issued 18,552,000 units for the subscription receipts (see note 7). Each unit was comprised of one common share and one-half of one share purchase warrant with one whole warrant exercisable at $1.00 per common share expiring on February 25, 2024. The Company paid finders’ fees of $197,550 upon closing.

SCHEDULE "E"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FDHI FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2023

FRIDAY'S DOG HOLDINGS INC.
(Formerly Cerro Mining Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

General

The purpose of this Management Discussion and Analysis ("**MD&A**") is to explain management's point of view regarding the past performance and future outlook of Friday's Dog Holdings Inc. ("**FDHI**" or the "**Company**"), formerly Cerro Mining Corp. ("**Cerro**"). This report also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited financial statements and notes thereto for the years ended December 31, 2022 and 2021 and the unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2023 ("**Financial Statements**").

All information contained in this MD&A is current as of November 27, 2023 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Overview

FDHI is a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia). The Company's principal place of business is 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company is a public company and its shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FRDY".

The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced non-toxic ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales. The Company will also be introducing complimentary premium products in the grooming and care categories for dogs, as well as lifestyle branded items for dogs and their owners. The first products rolled out as part of FDI's high margin, diversified product portfolio were its pet care merchandise targeting a diversity of dog breeds. The initial pet care product portfolio consists of 9 stock keeping units ("**SKU**") in total which are focused on several product categories: wash and care products, dental care, and premium treats.

Reverse-Takeover Transaction with Friday's Dog Inc.

On February 25, 2022, Cerro acquired all of the issued and outstanding common shares of Friday's Dog Inc. (the "**FDI Shares**") by way of a reverse takeover that was completed through a three-cornered amalgamation (the "**Transaction**") and following the completion of the Transaction the common shares of the Company were listed on Tier 2 of the TSXV.

The Transaction was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly owned subsidiary of Cerro ("**Cerro Subco**"). Pursuant to the Transaction, FDI amalgamated with Cerro Subco and the holders of FDI Shares received one common share of the resulting issuer of the Transaction (a "**Resulting Issuer Share**") for every one FDI Share held. The Company issued 43,923,423 Resulting Issuer Shares for every one FDI Share held. The amalgamated company became a wholly owned subsidiary of the FDHI. On closing of the Transaction, Cerro changed its name to FDHI.

In connection with the Transaction, the Company completed a concurrent financing of 18,552,000 subscription receipts to raise aggregate gross proceeds of $9,276,000 (the "**Private Placement**"), with each subscription receipt converted into one share and one-half of one warrant of the Company immediately prior to the completion of the Transaction. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $1.00 for a period of two years.

Related party Disclosure Related to the Transaction

Andrew Bowering, director of the Company, was also a shareholder, director and chief financial officer of FDI. Mr. Bowering owned 1,450,000 FDI Shares. Anthony Paterson, a director of the Company, was also a shareholder of FDI and owned 575,000 FDI Shares. The Transaction was therefore considered a 'related party transaction' for the purposes of Multilateral Instrument 61- 101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company relied on the exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101.

As compensation for the introduction of FDI to Cerro by a finder, the Company issued to the finder 1,750,000 common shares at closing of the Transaction. The finder was not a Non-Arm's Length Party (as such term is defined in the policies of the TSXV) of the Company. The finder's fee was approved by the TSX.

Corporate Goals

Management believes that the demand for premium dog care products is rising as the heightened awareness of environmental issues has increased the consumer demand for manufactured goods that reduce pets' exposure to harmful chemicals and toxic ingredients. In addition, the pet industry has witnessed rapid growth due to the humanization of dogs. Many owners consider their dogs "members of the family" and purchase supplies that are designed to cater to their health and hygiene needs. Wash and care merchandise such as pet shampoo have become essential products to keep animals clean and hygienic and to maintain the shine and brightness of their coat. Other wash and care products also prevent the common skin problems related to germs, fleas, and ticks, among others. All these factors are anticipated to bode well for pet wash and care product demand.

According to a recent report published by Allied Market Research, an arm's length party to FDI, the global pet grooming products market size was valued at US $3.8 billion in 2017 and is projected to reach US$5.5 billion in 2025. The global pet shampoo and conditioner market is expected to grow at a Compound Annual Growth Rate ("**CAGR**") of 5.0% between 2019 and 2025, and with North America dominating with a CAGR of 3.9% in terms of value.

The US pet grooming products market accounts for nearly 30% of the global market. The household segment is expected to register the fastest CAGR of 6.7% from 2019 to 2025, owing to the increasing adoption of companion animals across the globe.

Historically, the pet care industry is one of the few that is considered recession proof, because bad economic times have not reduced revenues. Pet-care spending even grew during the past two recessions: 29% during the 2001 recession and 17% during the 2008-09 recession. Despite the economic slowdown experienced worldwide due to the COVID-19 pandemic, the pet care products industry has adapted through increased online marketing.

The online platform or distribution channel has witnessed exponential growth due to the rise in the penetration of the internet and smartphones and the development of the e-commerce industry. In 2019, retail e-commerce sales worldwide amounted to US $3.53 trillion and e-retail revenues are projected to grow to US$6.54 trillion in 2022. In the US, revenue from online sales are projected to at least double by 2024.

In addition to e-commerce through its' corporate website, FDI will market the products on the Amazon sales platform which is considered an essential part of the success of any direct to consumer business model. The Company has made a strategic shift to focus on sustainable growth, and has taken decisive action to reduce cash burn taking measures to enhance both short and long-term liquidity including pausing non-critical capital expenditures and lowering general & administrative spending with the aim of extending its cash runway and establishing a path towards profitability.

The Company provides the following operational updates following the changes in corporate strategy as it continues to progress on previously announced milestones:

- The Company will focus on bottled products to maximize current inventory revenue potential by growing repeat orders from small businesses in the USA and leveraging the breeder networks from current retail relationships.
- The Company has begun grass-roots marketing and advertising through micro partnerships with niche charities seeking high end dog-related products for ticketed events and fundraisers across the USA as well as larger, more established philanthropic organizations with wider audience reach.
- The Company has continuous weekly sales growing steadily with Chewy.com since June 2023 in partnership with Click Industries, a third-party buyer/reseller/marketing firm.
- The Company is working with a third-party promotional and micro distributor to get product in front of more audiences through local outreach initiatives without additional sales management costs – recently targeting the cities of Pittsburgh, Nashville, Washington DC, and Atlanta. The latest event was the Pittsburgh Pet Expo 2023.

- The Company has successfully launched all nine SKUs on Amazon as of August 2022 outpacing forecasted sales with month-over-month growth in units sold and revenue. Two Amazon affiliate content programs have been completed and the Company has transitioned to a new, multi-funnel agency partner to optimize new video advertising content for higher viewer traffic, re-marketing, and increased ROAS by Q1 2023 through offensive and targeted advertising strategy.
- The Company has pitched to four major televised home shopping networks globally with three confirming next stage interest for test show series potentially featuring all nine SKUs for networks in Australia, Canada and USA.
- The Company is shifting the majority of its focus to securing contracts with international distribution and domestic retail following interest by multiple foreign markets and domestic retail deficits in luxury at home dog grooming.
- The Company has found most success in physical, in-person events and tradeshows and will be prioritizing B2B contracts and partnerships with parallel brands and organizations as part of expanded D2B market penetration strategy.
- The Company is in the process of developing domestic retail partnerships by channel with specific interest in specialty dog services with CPG retail offerings.
- The Company continues to explore other operations of interest while establishing a path towards profitability for its pet line business.

Corporate Activities

In January 2023, 7,400,000 shares of the Company were cancelled and returned to treasury pursuant to the mutual release and settlement agreement entered with the estate of David Babaie, as discussed below. In December 2022 the Company entered into a mutual release and settlement with the estate of David Babaie, a former officer of the Company, with regards to certain creditor claims filed by a wholly-owned subsidiary of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

Selected Quarterly Information

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the Financial Statements:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	$	$	$	$
Sales	127,021	41,942	443,437	47,318
Cost of sales	(114,275)	(67,842)	(445,950)	(68,727)
Operating expenses	(254,661)	(764,832)	(1,085,633)	(4,288,502)
Other income (expenses)	178,487	32,248	191,399	(13,877,424)
Net loss	(63,428)	(758,484)	(896,747)	(18,187,335)
Loss per share (basic)	(0.00)	(0.01)	(0.01)	(0.23)

	As at September 30, 2023	As at September 30, 2022
	$	$
Working capital	5,832,348	8,333,843
Total assets	6,306,723	8,787,869
Total liabilities	(457,934)	433,679

Operations

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended September 30,		For the nine months ended September 30,	
Expenses	**2023**	**2022**	**2023**	**2022**
	$	$		
Accretion	-	-	-	1,165,093
Consulting and management fees	122,512	153,193	447,146	820,715
Depreciation	967	1,005	2,901	3,014
Filing fees	8,129	24,219	39,870	59,681
Foreign exchange loss (gain)	(1,263)	16,740	3,707	28,030
General and administration expenses	9,881	61,069	99,015	175,387
Interest expense	-	-	-	76,142
Marketing	-	427,790	140,716	1,255,217
Product development	735	24,544	33,940	349,116
Professional fees	106,358	41,192	283,929	321,514
Travel and related	7,342	15,080	34,409	34,593
Total	**254,661**	**764,832**	**1,085,633**	**4,288,502**

The Company's operating expenses for the three months ended September 30, 2023 totaled $254,661 (September 30, 2022 - $764,832). The table below details the changes in major expenditures for the three months ended September 30, 2023 as compared to the corresponding period ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
General and administration expense	Decrease of $51,188	Deceased due to reduced expenditures and termination of office lease.
Marketing	Decrease of $427,790	Decreased due to reduced expenditures on marketing fees for creating market awareness in Q3 2023.

The Company's operating expenses for the nine months ended September 30, 2023 totaled $1,085,633 (September 30, 2022 - $4,288,502). The table below details the changes in major expenditures for the nine months ended September 30, 2023 as compared to the corresponding period ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion expenses	Decrease of $1,165,093	Decreased as the Company no longer holds the underlying convertible debenture.
Consulting fees	Decrease of $373,569	Decreased due to engaging fewer consultants in the current period.
General and administration expense	Decrease of $76,372	Deceased due to reduced expenditures and termination of office lease.
Interest expense	Decrease of $76,142	Decreased as the Company no longer holds the underlying convertible debenture which accrued interest in Q1 2022.
Marketing	Decrease of $1,114,501	Decreased due to reduced expenditures on marketing fees for creating market awareness in current year.
Product development	Decrease of $315,176	Decreased due to engaging fewer development services for its products.

As at September 30, 2023 the Company had not yet achieved profitable operations and has accumulated losses of $27,274,847 (December 31, 2022 - $26,378,100) since inception. These losses resulted in a net loss per share (basic and diluted) for the nine months ended September 30, 2023 of $0.01 (September 30, 2022 - $0.23).

Summary of Quarterly Results

The following selected quarterly financial information is derived from the financial statements of the Company.

	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter
Three months ended	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
	$	$	$	$
Gross profit (loss)	12,746	115,711	(130,970)	(53,309)
Loss and comprehensive loss	(63,428)	(209,817)	(623,502)	(1,608,654)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.02)

	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter
Three months ended	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
	$	$	$	$
Gross profit	(25,900)	4,491	-	-
Loss and comprehensive loss	(758,484)	(1,390,392)	(16,038,459)	(348,828)
Loss per share - basic and diluted	(0.01)	(0.02)	(0.31)	(0.01)

Variances quarter over quarter can be explained as follows:

- In the quarter ended September 30, 2023, the Company recognized $178,422 of interest income.
- In the quarter ended December 31, 2022, the Company recorded a loss on inventory write down of $983,906.
- In the quarter ended June 30, 2022, the Company recorded greater consulting and management fees related to the payment of severance for former CEO.
- In the quarter ended March 31, 2022, the Company recorded accretion expenses of $1,165,093 and listing expenses of $14,182,194 in connection to the reverse takeover.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	September 30, 2023	December 31, 2022
	$	$
Cash and cash equivalents	5,325,203	6,006,137
Receivables	136,054	101,955
Marketable securities	195	325
Inventories	763,899	907,079
Prepaid expenses	64,931	91,093
Total current assets	6,290,282	7,106,589
Accounts payables and accrued liabilities	457,934	380,395
Working capital	5,832,348	6,726,194

The operations of the Company have primarily been funded by the issuance of common shares and will rely on its ability to obtain adequate equity financing in the future. Management believes that the Company has sufficient working capital to meet the Company's obligations and activities over the next twelve months.

Risks and Uncertainties

The business and operations of FDI are subject to numerous risks, many of which are beyond FDI's control, including: uncertainties related to the impact of the COVID-19 pandemic on capital markets and supply chains; uncertainty that the Transaction will be completed; possible termination of the Amended Amalgamation Agreement; changes in economic conditions or financial markets; increases in input costs; the quality, performance, safety and claims of FDI's ingredients, products and packaging; inability to anticipate and respond to market trends and changes in consumer preferences; growth rate of the pet care and hair care industries and an adverse change in the size or growth rate of such industries; dependent on a limited number of retail and distribution partners for a large portion of its sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners; retention of key members of its senior management team and ability to attract and retain qualified personnel; marketing and advertising strategies may not be successful; claims made against the Company from time to time that could result in litigation, distract management from its business activities and result in significant liability or damage to its brand; unable to protect its intellectual property, the value of its brand and other intangible assets may be diminished; ability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

The Company continually seeks to minimize its exposure to these adverse risks and uncertainties, but by the nature of its business and operations, it will always have some degree of risk.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the nine months ended September 30, 2023, the Company entered into the following transactions with key management personnel:

	For the nine months ended September 30,	
	2023	2022
	$	$
Consulting and management fees	381,194	716,925

As at September 30, 2023, accounts payable and accrued liabilities include $362,996 (December 31, 2022 - $100,985) due to officers and directors.

During the nine months ended September 30, 2023, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

a. Incurred consulting and management fees of $92,463 (September 30, 2022 - $70,000) to Jeremy Ross, CEO and director of the Company. As at, September 30, 2023 $149,172 (December 31, 2022 - $25,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
b. Incurred consulting and management fees of $165,731 (September 30, 2022 - $120,195) to Chelsea Rusche, President and COO of the Company. As at, September 30, 2023 $40,849 (December 31, 2022 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
c. Incurred consulting and management fees of $18,000 (September 30, 2022 - $5,700) to a company controlled by Ryan Cheung, CFO of the company. As at, September 30, 2023 $20,475 (December 31, 2022- $5,985) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement
d. Incurred consulting and management fees, including severance payments, of $nil (September 30, 2022- $358,530) to Richard Scheiner, former CEO and COO of the Company.
e. Incurred consulting and management fees of $nil (September 30, 2022- $62,500) to Paul Charlish, former CFO of the Company.
f. Incurred consulting and management fees of $nil (September 30, 2022 - $22,500) to Andrew Bowering, a former director of the Company. As at September 30, 2023, $30,000 (December 31, 2022 - $15,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
g. Incurred consulting and management fees of $22,500 (September 30, 2022 - $22,500) to Anthony Paterson, a director of the Company. As at September 30, 2023, $37,500 (December 31, 2022- $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
h. Incurred consulting and management fees of $22,500 (September 30, 2022- $17,500) to Ali Sodagar, a director of the Company. As at September 30, 2023, $30,000 (December 31, 2022 - $15,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
i. Incurred consulting and management fees of $22,500 (September 30, 2022- $22,500) to Arthur Kwan, a director of the Company. As at September 30, 2023, $30,000 (December 31, 2022 - $15,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
j. Incurred consulting and management fees of $15,000 (September 30, 2022- $15,000) to Dominic Stann, a director of the Company. As at September 30, 2023, $25,000 (December 31, 2022 - $10,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Reverse Takeover
Assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover, involves the use of judgement.

Financial Instruments and Other Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits, accounts payable and accrued liabilities, convertible debentures, and derivative liabilities. The Company's cash and cash equivalents and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are measured at fair value using level 1 inputs. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Financial Statement Note 9.

The Company is exposed to a variety of financial risks by virtue of its activities including credit risk, liquidity risk, interest rate risk, price risk and foreign currency risk.

a) *Credit risk*
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

b) *Liquidity risk*
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares. Liquidity risk is assessed as low.

c) *Interest rate risk*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) *Price risk*
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) *Foreign exchange risk*
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at September 30, 2023, the Company had a foreign currency net monetary asset position of approximately US$5,872. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain or loss of approximately $1,073.

Disclosure of Data for Outstanding Common Shares and Warrants

The following table summarizes the outstanding common shares and warrants of the Company:

	As at September 30, 2023	Date of this MD&A
Common shares	84,069,352	84,069,352
Warrants	9,276,000	9,276,000

Details of the outstanding warrants:

Number of warrants	Exercise price $	Expiry date
9,276,000	1.00	February 25, 2024

Forward Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf, except as may be required by applicable law.

Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- The Company's interim financial statements for the three and nine months ended September 30, 2023 and 2022.
- The Company's audited financial statements for the years ended December 31, 2022 and 2021.

This MD&A has been approved by the Board effective November 27, 2023.

SCHEDULE "F"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FDHI FOR THE YEARS-ENDED DECEMBER 31, 2022, 2021 AND 2020

FRIDAY'S DOG HOLDINGS INC.
(Formerly Cerro Mining Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

General

The purpose of this Management Discussion and Analysis ("**MD&A**") is to explain management's point of view regarding the past performance and future outlook of Friday's Dog Holdings Inc. ("**FDHI**" or the "**Company**"), formerly Cerro Mining Corp. ("**Cerro**"). This report also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021 ("**Financial Statements**").

All information contained in this MD&A is current as of April 28, 2023 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Overview

FDHI is a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia). The Company's principal place of business is 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company is a public company and its shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FRDY".

The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced non-toxic ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales. The Company will also be introducing complimentary premium products in the grooming and care categories for dogs, as well as lifestyle branded items for dogs and their owners. The first products rolled out as part of FDI's high margin, diversified product portfolio were its pet care merchandise targeting a diversity of dog breeds. The initial pet care product portfolio consists of 9 stock keeping units ("**SKU**") in total which are focused on several product categories: wash and care products, dental care, and premium treats.

Reverse-Takeover Transaction with Friday's Dog Inc.

On February 25, 2022, Cerro acquired all of the issued and outstanding common shares of Friday's Dog Inc. (the "**FDI Shares**") by way of a reverse takeover that was completed through a three-cornered amalgamation (the "**Transaction**") and following the completion of the Transaction the common shares of the Company were listed on Tier 2 of the TSXV.

The Transaction was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly owned subsidiary of Cerro ("**Cerro Subco**"). Pursuant to the Transaction, FDI amalgamated with Cerro Subco and the holders of FDI Shares received one common share of the resulting issuer of the Transaction (a "**Resulting Issuer Share**") for every one FDI Share held. The Company issued 43,923,423 Resulting Issuer Shares for every one FDI Share held. The amalgamated company became a wholly owned subsidiary of the FDHI. On closing of the Transaction, Cerro changed its name to FDHI.

In connection with the Transaction, the Company completed a concurrent financing of 18,552,000 subscription receipts to raise aggregate gross proceeds of $9,276,000 (the "**Private Placement**"), with each subscription receipt converted into one share and one-half of one warrant of the Company immediately prior to the completion of the Transaction. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $1.00 for a period of two years.

Related party Disclosure Related to the Transaction

Andrew Bowering, director of the Company, was also a shareholder, director and chief financial officer of FDI. Mr. Bowering owned 1,450,000 FDI Shares. Anthony Paterson, a director of the Company, was also a shareholder of FDI and owned 575,000 FDI Shares. The Transaction was therefore considered a 'related party transaction' for the purposes of Multilateral Instrument 61- 101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company relied on the exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101.

As compensation for the introduction of FDI to Cerro by a finder, the Company issued to the finder 1,750,000 common shares at closing of the Transaction. The finder was not a Non-Arm's Length Party (as such term is defined in the policies of the TSXV) of the Company. The finder's fee was approved by the TSX.

Corporate Goals

Management believes that the demand for premium dog care products is rising as the heightened awareness of environmental issues has increased the consumer demand for manufactured goods that reduce pets' exposure to harmful chemicals and toxic ingredients. In addition, the pet industry has witnessed rapid growth due to the humanization of dogs. Many owners consider their dogs "members of the family" and purchase supplies that are designed to cater to their health and hygiene needs. Wash and care merchandise such as pet shampoo have become essential products to keep animals clean and hygienic and to maintain the shine and brightness of their coat. Other wash and care products also prevent the common skin problems related to germs, fleas, and ticks, among others. All these factors are anticipated to bode well for pet wash and care product demand.

According to a recent report published by Allied Market Research, an arm's length party to FDI, the global pet grooming products market size was valued at US $3.8 billion in 2017 and is projected to reach US$5.5 billion in 2025. The global pet shampoo and conditioner market is expected to grow at a Compound Annual Growth Rate ("**CAGR**") of 5.0% between 2019 and 2025, and with North America dominating with a CAGR of 3.9% in terms of value.

The US pet grooming products market accounts for nearly 30% of the global market. The household segment is expected to register the fastest CAGR of 6.7% from 2019 to 2025, owing to the increasing adoption of companion animals across the globe.

Historically, the pet care industry is one of the few that is considered recession proof, because bad economic times have not reduced revenues. Pet-care spending even grew during the past two recessions: 29% during the 2001 recession and 17% during the 2008-09 recession. Despite the economic slowdown experienced worldwide due to the COVID-19 pandemic, the pet care products industry has adapted through increased online marketing.

The online platform or distribution channel has witnessed exponential growth due to the rise in the penetration of the internet and smartphones and the development of the e-commerce industry. In 2019, retail e-commerce sales worldwide amounted to US $3.53 trillion and e-retail revenues are projected to grow to US$6.54 trillion in 2022. In the US, revenue from online sales are projected to at least double by 2024.

In addition to e-commerce through its' corporate website, FDI will market the products on the Amazon sales platform which is considered an essential part of the success of any direct to consumer business model. The Company will also utilize home televised shopping channels such as QVC which offer distinctive entrepreneurial brands and products such as those to be sold by FDI. QVC customers are remarkably brand loyal, as much as 92% are repeat customers. The Company has made a strategic shift to focus on sustainable growth, and has taken decisive action to reduce cash burn taking measures to enhance both short and long-term liquidity including pausing non-critical capital expenditures and lowering general & administrative spending with the aim of extending its cash runway and establishing a path towards profitability.

The Company provides the following operational updates following the changes in corporate strategy as it continues to progress on previously announced milestones:

- The Company has successfully launched all nine SKUs on Amazon as of August 2022 outpacing forecasted sales with month-over-month growth in units sold and revenue. Two Amazon affiliate content programs have been completed and the Company has transitioned to a new, multi-funnel agency partner to optimize new video advertising content for higher viewer traffic, re-marketing, and increased ROAS by Q1 2023 through offensive and targeted advertising strategy.
- The Company has reduced digital marketing spend while maintaining SEO efforts, continued to grow social media traction and expand additional channels Tik Tok and You Tube, with a dedicated focus on increasing social engagement with in-house support.
- The Company has pitched to four major televised home shopping networks globally with three confirming next stage interest for test show series potentially featuring all nine SKUs for networks in Australia, Canada and USA.

- The Company is shifting the majority of its focus to securing contracts with international distribution and domestic retail following interest by multiple foreign markets and domestic retail deficits in luxury at home dog grooming.
- The Company is in the process of building an in-house sales team and developing domestic retail partnerships by channel with specific interest in specialty dog services with CPG retail offerings.

Corporate Activities

In February 2022, immediately prior to the closing of the Transaction, the convertible debentures totaling $6,300,000 issued in fiscal 2021 and accrued interest totaling $425,490 were converted into 19,215,673 common shares of FDI at a price of $0.35 per share.

In May 2022, the Company appointed Jeremy Ross as Chief Executive Officer and President, in place of Richard Scheiner. Concurrently, the Company's wholly owned subsidiary Friday's Dog Inc. terminated the employment contract of Mr. Scheiner in accordance with the terms of his agreement. In addition, the Company appointed Chelsea Rusche as Chief Operations Officer in place of outgoing COO Richard Scheiner.

In July 2022, the Company appointed Ryan Cheung as Chief Financial Officer and Corporate Secretary of the Company, in place of Paul Charlish.

In August 2022, the Company appointed Chelsea Rusche as President in addition to her role as the COO of the Company. Concurrently, Jeremy Ross resigned in his capacity as President but remained as the CEO of the Company.

In September 2022, 1,000,000 advisory warrants with an exercise price $0.05 expired unexercised.

For the year ended December 31, 2021, the Company identified payments made to certain vendors and to a former officer of the Company. The payments related to purported equipment and product purchases and research activities. The Company has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000).

In December 2022 the Company entered into a mutual release and settlement with the estate of David Babaie, a former officer of the Company, with regards to certain creditor claims filed by a wholly-owned subsidiary of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;

(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;

(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (subsequently surrendered) common shares of the Company (the "Settlement Shares"); and

Selected Annual Information

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the Financial Statements:

	For the year ended December 31,		
	2022	2021	2020
	$	$	$
Sales	157,281	-	-
Cost of sales	(231,999)	-	-
Operating expenses	(4,862,174)	(3,215,694)	(1,922,648)
Other income (expenses)	(14,859,097)	669,876	(1,347,430)
Net loss	(19,795,989)	(2,545,818)	(3,270,078)
Loss per share (basic)	(0.24)	(0.10)	(0.16)

	As at December 31, 2022	As at December 31, 2021
	$	$
Working capital	6,726,194	1,975,063
Total assets	7,125,931	2,317,244
Total liabilities	380,395	6,061,094

Operations

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
Expenses	2022	2021
	$	$
Accretion	1,165,093	499,065
Consulting and management fees	951,747	630,714
Depreciation	4,019	1,870
Filing fees	62,103	-
Foreign exchange loss	31,843	4,146
General and administration expenses	230,371	36,092
Interest expense	76,142	349,348
Marketing	1,511,362	1,064,443
Product development	363,615	192,599
Professional fees	417,275	432,014
Travel and related	48,604	5,403
Total	4,862,174	3,215,694

The Company's operating expenses for the year ended December 31, 2022 totaled $4,862,174 (2021 - $3,215,694). The table below details the changes in major expenditures for the year ended December 31, 2022 as compared to the corresponding year ended December 31, 2021:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion expenses	Increase of $666,028	Increased due to writing off the discounted value of the convertible debentures when repaid in full.
Consulting and management fees	Increase of $321,033	Increased due to engaging more consultants in the current period.
Filing fees	Increase of $62,103	Increased due to reverse takeover and the listing of the common shares of the Company on the TSX during the current period.
Marketing	Increase of $446,919	Increased due to incurring marketing fees for creating market awareness.
Product development	Increase of $171,016	Increased due to engaging additional development services for its products.

The Company's operating expenses for the year ended December 31, 2021 totaled $3,215,694 (2020 - $1,922,648). The table below details the changes in major expenditures for the year ended December 31, 2021 as compared to the corresponding year ended December 31, 2020:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion	Increase of $499,065	Increased due to convertible debentures financing closed in April 2021.
Consulting fees	Increase of $259,114	Increased due to engaging new consultants, appointing new management, and increases in certain current consultant's compensation.
Interest expense	Increase of $336,229	Increased due to convertible debentures financing closed in April 2021.
Marketing	Increase of $70,837	Increased due to incurring marketing fees for creating market awareness.

As at December 31, 2022, the Company had not yet achieved profitable operations and has accumulated losses of $26,378,100 (2021 - $6,749,311) since inception. These losses resulted in a net loss per share (basic and diluted) for the year ended December 31, 2022 of $0.24 (2021 - $0.10).

Fourth Quarter

During the fourth quarter ended December 31, 2022, the Company recorded net loss of $1,608,654 or $0.02 per share compared with net loss of $348,328 or $0.01 per share in the fourth quarter of 2021. During the fourth quarter of 2022, the Company recorded the following significant expenses: consulting and management fees of $131,032, marketing fees of $256,145, and write down of inventory of $983,906. During the fourth quarter of 2021 the Company recorded the following significant expenses: accretion of $172,055, consulting fees recovery of $273,341, interest of $127,036, marketing of $604,323, and product development of $169,334.

Summary of Quarterly Results

The following selected quarterly financial information is derived from the financial statements of the Company.

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three months ended	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
	$	$	$	$
Gross profit (loss)	(53,309)	(25,900)	4,491	-
Loss and comprehensive loss	(1,608,654)	(758,484)	(1,390,392)	(16,038,459)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.02)	(0.31)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three months ended	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
	$	$	$	$
Gross profit	-	-	-	-
Loss and comprehensive loss	(348,828)	(1,040,087)	(279,550)	(877,353)
Loss per share - basic and diluted	(0.01)	(0.04)	(0.04)	(0.04)

Variances quarter over quarter can be explained as follows:

- In the quarter ended December 31, 2022, the Company recorded a loss on inventory write down of $983,906.
- In the quarter ended June 30, 2022, the Company recorded greater consulting and management fees related to the payment of severance for former CEO.
- In the quarter ended March 31, 2022, the Company recorded accretion expenses of $1,165,093 and listing expenses of $14,182,194 in connection to the reverse takeover.

Liquidity and Capital Resources

The Company’s liquidity and capital resources are as follows:

	December 31, 2022	December 31, 2021
	$	$
Cash and cash equivalents	6,006,137	1,154,872
Receivables	101,955	28,297
Marketable securities	325	-
Deposit	-	1,092,007
Inventories	907,079	-
Prepaid expenses	91,093	25,242
Total current assets	7,106,589	2,300,418
Accounts payables and accrued liabilities	(380,395)	(325,355)
Working capital	6,726,194	1,975,063

During the year ended December 31, 2022, the Company closed a Private Placement for aggregate total proceeds of $9,276,000

The operations of the Company have primarily been funded by the issuance of common shares and will rely on its ability to obtain adequate equity financing in the future. Management believes that the Company has sufficient working capital to meet the Company’s obligations and activities over the next twelve months.

Risks and Uncertainties

The business and operations of FDI are subject to numerous risks, many of which are beyond FDI’s control, including: uncertainties related to the impact of the COVID-19 pandemic on capital markets and supply chains; uncertainty that the Transaction will be completed; possible termination of the Amended Amalgamation Agreement; changes in economic conditions or financial markets; increases in input costs; the quality, performance, safety and claims of FDI's ingredients, products and packaging; inability to anticipate and respond to market trends and changes in consumer preferences; growth rate of the pet care and hair care industries and an adverse change in the size or growth rate of such industries; dependent on a limited number of retail and distribution partners for a large portion of its sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners; retention of key members of its senior management team and ability to attract and retain qualified personnel; marketing and advertising strategies may not be successful; claims made against the Company from time to time that could result in litigation, distract management from its business activities and result in significant liability or damage to its brand; unable to protect its intellectual property, the value of its brand and other intangible assets may be diminished; ability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

The Company continually seeks to minimize its exposure to these adverse risks and uncertainties, but by the nature of its business and operations, it will always have some degree of risk.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the year ended December 31, 2022, the Company entered into the following transactions with key management personnel:

	For the years ended December 31,	
	2022	**2021**
	$	$
Consulting and management fees	839,605	604,818

As at December 31, 2022, accounts payable and accrued liabilities include $100,985 (2021 - $nil) due to officers and directors.

During the years ended December 31, 2022, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

a. Incurred consulting and management fees of $100,000 (2021 - $nil) to Jeremy Ross, CEO and former President of the Company. As at December 31, 2022, $25,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
b. Incurred consulting and management fees of $167,175 (2021 - $nil) to Chelsea Rusche, President and COO of the Company.
c. Incurred consulting and management fees of $11,400 (2021 - $nil) to a company controlled by Ryan Cheung, CFO of the company. As at December 31, 2022, $5,985 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement
d. Incurred consulting and management fees, including severance payments, of $358,530 (2021 - $204,815) to Richard Scheiner, former CEO and COO of the Company.
e. Incurred consulting and management fees of $62,500 (2021 - $12,857) to Paul Charlish, former CFO of the Company.
f. Incurred consulting and management fees of $nil (2021 - $110,000) to Brian Ast, former CFO of the Company.
g. Incurred consulting and management fees of $nil (2021 - $177,146) to David Babaii, former CEO of the Company.
h. Incurred consulting and management fees of $nil (2021 - $100,000) to Kelly Willet, former COO of the Company.
i. Incurred consulting and management fees of $30,000 (2021 - $nil) to Andrew Bowering, a director of the Company. As at December 31, 2022, $15,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
j. Incurred consulting and management fees of $30,000 (2021 - $nil) to Anthony Paterson, a director of the Company. As at December 31, 2022, $15,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
k. Incurred consulting and management fees of $30,000 (2021 - $nil) to Ali Sodagar, a director of the Company. As at December 31, 2022, $15,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
l. Incurred consulting and management fees of $30,000 (2021 - $nil) to Arthur Kwan, a director of the Company. As at December 31, 2022, $15,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
m. Incurred consulting and management fees of $20,000 (2021 - $nil) to Dominic Stann, a director of the Company. As at December 31, 2022, $10,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Reverse Takeover
Assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover, involves the use of judgement.

New accounting standards, interpretations and amendments not yet effective

The following amendments will be effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results and financial position of the Company.

Financial Instruments and Other Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits, accounts payable and accrued liabilities, convertible debentures, and derivative liabilities. The Company's cash and cash equivalents and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are measured at fair value using level 1 inputs. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Financial Statement Note 10.

The Company is exposed to a variety of financial risks by virtue of its activities including credit risk, liquidity risk, interest rate risk, price risk and foreign currency risk.

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares. Liquidity risk is assessed as low.

c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) *Foreign exchange risk*
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2022, the Company had a foreign currency net monetary liability position of approximately US$4,253. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $576.

Disclosure of Data for Outstanding Common Shares and Warrants

The following table summarizes the outstanding common shares and warrants of the Company:

	As at December 31, 2022	Date of this MD&A
Common shares	91,469,352	84,069,352
Warrants	9,276,000	9,276,000

Details of the outstanding warrants:

Number of warrants	Exercise price $	Expiry date
9,276,000	1.00	February 25, 2024

Forward Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf, except as may be required by applicable law.

Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- The Financial Statements.

This MD&A has been approved by the Board effective April 28, 2023.

SCHEDULE "G"

CARVE-OUT FINANCIAL STATEMENTS OF FDI FOR THE INTERIM PERIOD-ENDED SEPTEMBER 30, 2023

FRIDAY'S DOG INC.

CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

FRIDAY'S DOG INC.
CONDENSED INTERIM CONSOLIDATED CARVE-OUT STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	Note	September 30, 2023	December 31, 2022
		$	$
ASSETS			
Current			
Cash and cash equivalents		142,053	140,533
Restricted cash		67,620	-
Receivables		106,795	86,222
Inventories	4	739,973	907,079
Prepaid expenses		55,567	80,331
		1,112,008	1,214,165
Property and equipment	5	16,441	19,342
		1,128,449	1,233,507
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	141,215	237,865
Advances from parent company	9	3,887,269	3,377,985
		4,028,484	3,615,850
SHAREHOLDERS' DEFICIENCY			
Share capital	8	9,563,751	9,563,751
Deficit		(12,463,786)	(11,946,094)
		(2,900,035)	(2,382,343)
		1,128,449	1,233,507

Nature of Operations and Going Concern (Note 1)
Subsequent event (Note 12)

Approved on behalf of the Board of Directors on March 12, 2024:

"Arthur Kwan" Director *"Ali Sodagar"* Director

The accompanying notes are an integral part of these condensed interim consolidated carve-out financial statements.

FRIDAY'S DOG INC.
CONDENSED INTERIM CONSOLIDATED CARVE-OUT STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars – Unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2023	2022	2023	2022
		$	$	$	$
Revenue					
Sales		127,021	41,942	443,437	47,318
Cost of sales		(40,504)	(67,841)	(372,179)	(68,727)
Gross profit (loss)		86,517	(25,899)	71,258	(21,409)
Expenses					
Accretion expense	7	-	-	-	1,165,093
Consulting and management fees	9	94,586	118,192	299,236	727,787
Depreciation	5	967	1,005	2,901	3,014
Foreign exchange loss (gain)		(1,482)	16,821	3,373	28,055
General and administration expenses		5,094	61,017	49,355	175,254
Interest expense	7	-	-	-	76,142
Marketing		-	424,650	137,223	1,249,290
Product development		735	24,545	33,940	349,116
Professional fees		31,748	11,741	122,325	267,756
Travel and related		14,312	15,080	34,409	34,593
		(145,960)	(673,051)	(682,762)	(4,076,100)
Loss from operations		(59,443)	(698,950)	(611,504)	(4,097,509)
Other income and expenses					
Gain on revaluation of derivative liabilities	7	-	-	-	251,484
Interest income		178,415	32,573	191,509	53,508
Write down of inventory	4	(97,697)	-	(97,697)	-
		80,718	32,573	93,812	304,992
Income (loss) and comprehensive income (loss) for the period		21,275	(666,377)	(517,692)	(3,792,517)
Basic and diluted loss per share		0.00	(0.02)	(0.01)	(0.09)
Weighted average number of common shares outstanding – basic and diluted		43,923,423	39,981,746	43,923,423	39,981,746

The accompanying notes are an integral part of these condensed interim consolidated carve-out financial statements.

FRIDAY'S DOG INC.
CONDENSED INTERIM CONSOLIDATED CARVE-OUT STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended September 30, 2023	2022
	$	$
Cash flows used in operating activities		
Net loss for the period	(517,692)	(3,792,517)
Items not involving cash and cash equivalents		
Accretion expense	-	1,165,093
Accrued Interest	-	76,142
Depreciation	2,901	3,014
Gain on revaluation of derivative liabilities	-	(251,484)
Write down of inventory	97,697	-
	(417,094)	(2,799,752)
Changes in non-cash working capital items		
Receivables	(20,573)	(45,504)
Deposits	-	686,065
Inventories	69,409	(1,629,635)
Prepaid expenses	24,764	(68,538)
Accounts payable and accrued liabilities	(96,650)	(121,059)
Advances from parent company	509,284	3,345,128
	69,140	(633,295)
Cash flows used in investing activities		
Restricted cash	(67,620)	-
Purchase of property and equipment	-	(6,535)
	(67,620)	(6,533)
Net change in cash and cash equivalents	1,520	(639,830)
Cash and cash equivalents, beginning of period	140,533	1,154,872
Cash and cash equivalents, end of period	142,053	515,042
Non-cash transactions		
Reclassification of expired warrants	-	167,200

The accompanying notes are an integral part of these condensed interim consolidated carve-out financial statements.

FRIDAY'S DOG INC.
CONDENSED INTERIM CONSOLIDATED CARVE-OUT STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital	Reserves	Deficit	Shareholders' Deficiency
		$	$	$	$
Balance at December 31, 2021	**24,707,750**	**2,838,261**	**167,200**	**(6,749,311)**	**(3,743,850)**
Shares issued for conversion of convertible debentures	19,215,673	6,725,490	-	-	6,725,490
Warrants expired	-	-	(167,200)	167,200	-
Loss for the period	-	-	-	(3,792,517)	(3,792,517)
Balance at September 30, 2022	**43,923,423**	**9,563,751**	**-**	**(10,374,628)**	**(810,877)**
Loss for the period	-	-	-	(1,571,466)	(1,571,466)
Balance at December 31, 2022	**43,923,423**	**9,563,751**	**-**	**(11,946,094)**	**(2,382,343)**
Loss for the period	-	-	-	(517,692)	(517,692)
Balance at September 30, 2023	**43,923,423**	**9,563,751**	**-**	**(12,463,786)**	**(2,900,035)**

The accompanying notes are an integral part of these condensed interim consolidated carve-out financial statements.

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Friday's Dog Inc. ("FDI" or the "Company") is a company incorporated on March 13, 2019 under the *Business Corporations Act* (British Columbia). Its registered and record office is located at 1055 W. Georgia Street, Suite 1500, Vancouver, BC V6E 4N7 and its corporate office is located at 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company's principal business activity is to create premium hair care and pet care products that are formulated with natural, ethically sourced ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

These condensed interim consolidated carve-out financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

As at September 30, 2023, the Company has accumulated a deficit of $12,463,786 since inception and has working deficit of $2,916,476. The operations of the Company have primarily been funded by private placements and advancements from the parent company. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The Company's ability to continue its operations is dependent upon support from its current parent Company Friday's Dog Holdings Inc. ("FDHI"). These condensed interim consolidated carve-out financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated carve-out financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting using Principles of IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated carve-out financial statements do not include all of the information required of annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated carve out financial statements be read in conjunction with the annual consolidated carve out financial statements of the Company for the year ended December 31, 2022 and 2021.

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

These condensed interim consolidated carve-out financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these carve-out financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The purpose of these condensed interim consolidated carve-out financial statements is to provide general purpose historical financial information of the condensed interim consolidated carve-out Company.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Company have been applied. The carve-out financial statements have been extracted from historical accounting records with estimates used, when necessary, for certain allocations.

For the nine months ended September 30, 2023, the carve-out statements of financial position reflect the assets and liabilities recorded by the consolidated entity FDHI which have been assigned to the Company on the basis that they are specifically identifiable and attributable to the Company. The carve-out statement of loss and comprehensive loss reflected expenses that were incurred and attributable to the Company.

Nevertheless, these carved-out financial statements may not include all the actual expenses that would have been incurred had we operated as a standalone company during the periods presented and may not reflect our consolidated results of operations, financial position and cash flows had we operated as a standalone company during the periods presented.

Management believes the assumptions underlying these carve-out financial statements, including the assumptions regarding the allocation of general corporate expenses from FDHI, are reasonable. Nevertheless, management cautions readers of these carve-out financial statements, that the Company's results do not necessarily reflect what the financial position, loss and comprehensive loss or cash flows would have been had the Company been a separate entity. Further, the allocation of income and expenses in these carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Company's future income and operating expenses.

c) Basis of Consolidation

These condensed interim consolidated carve-out financial statements include the accounts of the Company, Friday's Dog (Canada) Inc., the Company's wholly owned subsidiary incorporated in Canada, and Friday's Dog (USA) Inc. and Cair by David Cosmetics (California) Inc., the Company's wholly owned subsidiaries incorporated in Delaware, USA and California, USA respectively. On November 1, 2021, the Company dissolved Cair by David Cosmetics (California) Inc. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated carve-out financial statements.

d) Functional and Presentation Currency

These condensed interim consolidated carve-out financial statements are presented in Canadian dollars, unless otherwise noted. The functional currency of the Company including its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

d) Functional and Presentation Currency

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

e) Approval of the Financial Statements

The condensed interim consolidated carve-out financial statements of the Company for the nine months ended September 30, 2023 and 2022 were approved and authorized for issue by the Board of Directors on March 12, 2024.

3. MATERIAL ACCOUNTING POLICIES

These condensed interim consolidated carve-out financial statements have been prepared using the same accounting policies as detailed in the Company's annual audited consolidated carve-out financial statements for the year ended December 31, 2022 except for the inclusion of the adoption of the amendments to IAS 1 and IFRS Practices Statement 2, and do not include all the information required for full annual financial statements. It is suggested that these financial statements be read in conjunction with the annual audited consolidated carve out financial statements.

a) Critical accounting judgments and estimates

The preparation of the condensed interim consolidated carve-out financial statements in conformity with IFRS Accounting Standards requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the carve-out financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Critical accounting judgments and estimates (continued)

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Allocation of Financial Information
The allocation of assets, liabilities and income and expenses attributable to the Company post-RTO requires judgement regarding what actual operations would have been if the Company had continued as a standalone company. In determining a method, management has assessed various approaches, and concluded that the most reasonable approach is an allocation based on the nature of the balance or expense and if it can be directly attributable to and incurred as a result of the operations versus those costs that are directly attributable to being a public company which have been excluded.

b) New accounting standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2023 and have therefore not been applied in preparing these condensed interim consolidated carve out financial statements. None are expected to have a material effect on the condensed interim consolidated carve out financial statements of the Company.

4. INVENTORIES

	September 30, 2023	December 31, 2022
	$	$
Finished goods	739,973	907,079

As at September 30, 2023, all of the Company's inventory was considered finished goods, which consisted of $739,973 (December 31, 2022 - $906,306) related to the pet hygienic line and $nil (December 31, 2022 - $773) related to pet treats.

As at September 30, 2023 management prepared an impairment assessment of inventory. As a result, the Company recorded a write down of inventory of $97,697 (September 30, 2022 - $nil).

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

5. PROPERTY AND EQUIPMENT

	Furniture Equipment
	$
Cost:	
Balance, December 31, 2021	18,696
Additions	6,535
Balance, December 31, 2022	25,231
Additions	-
Balance, September 30, 2023	25,231
Depreciation:	
Balance, December 31, 2021	1,870
Depreciation for the year	4,019
Balance, December 31, 2022	5,889
Depreciation for the period	2,901
Balance, September 30, 2023	8,790
Net book value:	
As at December 31, 2022	19,342
As at September 30, 2023	**16,441**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
	$	$
Accounts payable	108,215	132,183
Accrued liabilities	33,000	105,682
	141,215	**237,865**

7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES

Convertible debentures

	$
Balance, December 31, 2020	-
Proceeds	6,300,000
Allocation of proceeds to derivative liabilities	(1,664,158)
Accretion	499,065
Accrued interest	349,348
Balance, December 31, 2021	**5,484,255**
Accretion	1,165,093
Accrued interest	76,142
Conversion to shares	(6,725,490)
Balance, December 31, 2022 and September 30, 2023	**-**

FRIDAY'S DOG INC.
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7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

Derivative liabilities

	$
Balance, December 31, 2020	-
Recognition of derivative liabilities	1,664,158
Gain on revaluation of derivative liabilities	(1,412,674)
Balance, December 31, 2021	**251,484**
Gain on revaluation of derivative liabilities	(251,484)
Balance, December 31, 2022 and September 30, 2023	**-**

During the year ended December 31, 2021, the Company closed and issued convertible debentures for aggregate total proceeds of $6,300,000 ("2021 Debentures").

The 2021 Debentures boar interest at 8% per annum and expire on April 23, 2023. At the option of the lenders, the lenders could convert their debentures and any accrued interest into common shares of the Company, for a price equal to the lower of (i) $0.70, and (ii) 70% of the liquidity event price, being (a) in the event of initial public offering ("IPO") and the price at which the Company's common shares or other securities were issued and sold; (b) in the event of a reverse takeover or merger transaction, the price attributed to the Company's common shares in that transaction or deemed issue price of the Company's common shares exchanged in the reverse takeover or merger transaction; or (c) in the event of a change of control, the price attributed to the Company's common shares in such transaction. In the event the convertible debentures remained outstanding at maturity, the debentures with its accrued interest would be payable, in cash or shares, at the option of the Company, at $0.70 per common share.

As the conversion price of the convertible debentures varied depending on certain factors, the Company recorded an embedded derivative liability with respect to the conversion feature with the residual amount allocated to the debt component. The debt component was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative liabilities were initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The initial fair value of the embedded derivative for the 2021 Debentures was determined to be $1,664,158 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.22% - 0.31%
Dividend yield	-
Expected life	0.69 - 2.00 years
Volatility	100%
Probability of conversion at maturity	50%
Probability of conversion at $0.70 or a 70% of a liquidity event price	50%

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2023 and 2022
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7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

As of December 31, 2021, the fair value of the embedded derivative for the 2021 Debentures was determined to be $251,484 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.10% - 0.31%
Dividend yield	-
Expected life	0.16 – 1.31 years
Volatility	100%
Probability of conversion at maturity	nil%
Probability of conversion at $0.70 or a 70% of a Liquidity Event Price	100%

In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company.

8. SHARE CAPITAL AND RESERVES

Authorized share capital

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

Issued share capital

During the year ended December 31, 2022:

a) In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company (Note 7).

During the nine months ended September 30, 2023, there were no share transactions.

Advisory warrants

In September 2022, 1,000,000 warrants with an exercise price $0.05 expired unexercised. As a result, the Company transferred $167,200 representing the fair value of the warrants from reserves to deficit.

	Number of warrants	**Weighted average exercise price**
Balance, December 31, 2021	**1,000,000**	**0.05**
Expired	(1,000,000)	**0.05**
Balance, December 31, 2022 and September 30, 2023	**-**	**-**

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
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9. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. During the nine months ended September 30, 2023 and 2022, the Company entered into the following transactions with key management personnel:

	For the nine months ended September 30,	
	2023	**2022**
	$	$
Consulting and management fees	**255,970**	616,925

As at September 30, 2023, accounts payable and accrued liabilities include $113,708 (2022 - $30,985) due to officers and directors.

Advances from Parent Company

As at September 30, 2023, FDHI has advanced the Company $3,887,269 (December 31, 2022 - $3,377,985). The amounts are non-interest bearing and have no set repayment obligations.

10. SEGMENTED INFORMATION

The Company has one operating segment, being the manufacture of hair care and pet care products. Geographic information is as follows:

September 30, 2023	**Canada**	**USA**	**Total**
	$	$	$
Current assets	336,771	775,237	1,112,008
Property and equipment	16,441	-	16,441
Total assets	353,212	739,973	1,128,449

December 31, 2022	**Canada**	**USA**	**Total**
	$	$	$
Current assets	307,086	907,079	1,214,165
Property and equipment	19,342	-	19,342
Total assets	326,428	907,079	1,233,507

September 30, 2023	**Canada**	**USA**	**Total**
	$	$	$
Revenue	-	443,437	443,437
Cost of sales	-	(372,179)	(372,179)

September 30, 2022	**Canada**	**USA**	**Total**
	$	$	$
Revenue	-	47,318	47,318
Cost of sales	-	(68,727)	(68,727)

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NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s financial instruments consist of cash and cash equivalents, restricted cash, receivables, deposits, accounts payable and accrued liabilities, and advances from parent company. The Company’s cash and cash equivalents is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of restricted cash, receivables, accounts payable and accrued liabilities and advances from parent company approximates their carrying values due to the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities including the following:

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company’s exposure to credit risk is on its cash and cash equivalents and restricted cash. Risk associated with cash and cash equivalents and restricted cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates with original maturities of three months or less. As at September 30, 2023, the Company had cash and cash equivalents of $142,053 (December 31, 2022 - $140,533). Restricted cash includes cashable guaranteed investment certificates held as security for the Company’s corporate credit cards. As at September 30, 2023, the Company had restricted cash of $67,620 (December 31, 2022 - $nil)

b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company’s holdings of cash and cash equivalents. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares.

c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company’s ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) Foreign exchange risk
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at September 30, 2023, the Company had a foreign currency net monetary liability position of approximately US$1,560. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $212.

FRIDAY'S DOG INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
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12. SUBSEQUENT EVENT

On March 4, 2024 FDHI, the Company's legal parent announced the spin-out (the "Spin-Out") of all of the issued and outstanding common shares of the Company, which currently operates the existing consumer canine care and grooming product business, to the shareholders of FDHI (the "Shareholders").

FDHI intends to complete the Spin-Out by way of a statutory plan of arrangement (the "Plan of Arrangement"). The Spin-Out is subject to approval from the Shareholders, the Supreme Court of British Columbia and the TSX-V. The Plan of Arrangement is intended to create two public reporting companies.

FDHI entered into an arrangement agreement (the "Arrangement Agreement") with the Company pursuant to which FDHI will complete a spin-out of all of the issued and outstanding common shares of the Company (the "Spinco Shares") to the existing Shareholders on a 1-to-1 ratio pursuant to the Plan of Arrangement.

Under the terms of the Arrangement Agreement, FDHI will complete the following steps as part of the Plan of Arrangement:

- i. FDHI will alter its share capital to create the new common shares (the "New Shares").
- ii. FDHI will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of FDHI as Class A common shares without par value (the "Class A Common Shares").
- iii. Each Shareholder will transfer to FDHI all of their Class A Common Shares and in exchange receive the following:
  - a. One New Share at an exchange ratio of 1-to-1; and
  - b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
- iv. FDHI will alter its share capital so that only the New Shares will remain.
- v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement Agreement;
- vi. Upon the Plan of Arrangement becoming effective, the Company will cease to be a wholly-owned subsidiary of FDHI and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

SCHEDULE "H"

CARVE-OUT FINANCIAL STATEMENTS OF FDI FOR THE YEARS-ENDED DECEMBER 31, 2022, 2021, AND 2020

FRIDAY'S DOG

FRIDAY'S DOG INC.

CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Friday's Dog Holdings Inc.

Opinion

We have audited the accompanying consolidated carve-out financial statements of Friday's Dog Inc. (the "Company"), which comprise the consolidated carve-out statements of financial position as at December 31, 2022 and 2021, and the consolidated carve-out statements of loss and comprehensive loss, cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated carve-out financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated carve-out financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Carve-Out Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated carve-out financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated carve-out financial statements, which states that as at December 31, 2022, the Company has accumulated a deficit of $11,946,094 since inception. The operations of the Company have primarily been funded by private placements and advances from the parent company. As stated in Note 1, these material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Preparation

We draw attention to the fact that as described in Note 2 of the consolidated carve-out financial statements, for the year ended December 31, 2022, the consolidated carve-out statement of financial position reflect the assets and liabilities recorded by the consolidated entity Friday's Dog Holdings Inc. which have been assigned to the Company on the basis that they are specifically identifiable and attributable to the Company. The consolidated carve-out statement of loss and comprehensive loss reflect expenses that were incurred and attributable to the Company.

Other Information

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

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

In connection with our audit of the consolidated carve-out 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 carve-out financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Carve-Out Financial Statements

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

In preparing the consolidated carve-out 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 Carve-Out Financial Statements

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

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 12, 2024

FRIDAY'S DOG INC.
CONSOLIDATED CARVE-OUT STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents	3c	140,533	1,154,872
Receivables		86,222	28,297
Deposits	4	-	1,092,007
Inventories	5	907,079	-
Prepaid expenses		80,331	25,242
		1,214,165	2,300,418
Property and equipment	6	19,342	16,826
		1,233,507	2,317,244
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	237,865	325,355
Advances from parent company	10	3,377,985	-
Convertible debentures, net	8	-	5,484,255
Derivative liabilities	8	-	251,484
		3,615,850	6,061,094
SHAREHOLDERS' DEFICIENCY			
Share capital	9	9,563,751	2,838,261
Reserves	9	-	167,200
Deficit		(11,946,094)	(6,749,311)
		(2,382,343)	(3,743,850)
		1,233,507	2,317,244

Nature of Operations and Going Concern (Note 1)
Subsequent event (Note 15)

Approved on behalf of the Board of Directors on March 12, 2024:

"Arthur Kwan" Director   *"Ali Sodagar"* Director

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

FRIDAY'S DOG INC.
CONSOLIDATED CARVE-OUT STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	For the years ended December 31, 2022	2021
		$	$
Revenue			
Sales		157,281	-
Cost of sales		(231,999)	-
Gross loss		(74,718)	-
Expenses			
Accretion expense	8	1,165,093	499,065
Consulting and management fees	10	818,820	630,714
Depreciation	6	4,019	1,870
Foreign exchange loss		31,624	4,146
General and administration expenses		227,488	36,092
Interest expense	8	76,142	349,348
Marketing		1,502,295	1,064,443
Product development		363,615	192,599
Professional fees		374,878	432,014
Travel and related		48,604	5,403
		(4,612,578)	(3,215,694)
Loss from operations		(4,687,296)	(3,215,694)
Other income and expenses			
Gain on revaluation of derivative liabilities	8	251,484	1,412,674
Interest income		55,735	-
Write down of inventory	5	(983,906)	-
Misappropriation of assets	13	-	(742,798)
		(676,687)	669,876
Loss and comprehensive loss for the year		(5,363,983)	(2,545,818)
Basic and diluted loss per share		(0.13)	(0.10)
Weighted average number of common shares outstanding – basic and diluted		40,975,265	24,297,613

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

FRIDAY'S DOG INC.
CONSOLIDATED CARVE-OUT STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended December 31, 2022	2021
	$	$
Cash flows used in operating activities		
Net loss for the year	(5,363,983)	(2,545,818)
Items not involving cash and cash equivalents		
Accretion expense	1,165,093	499,065
Accrued Interest	76,142	349,348
Depreciation	4,019	1,870
Gain on revaluation of derivative liabilities	(251,484)	(1,412,674)
Advisory warrants included in consulting fees	-	5,457
Write down of inventory	983,906	-
	(3,386,307)	(3,102,752)
Changes in non-cash working capital items		
Receivables	(57,925)	(26,994)
Deposits	1,029,117	(1,092,007)
Inventories	(1,890,985)	-
Prepaid expenses	7,801	(25,242)
Accounts payable and accrued liabilities	(87,490)	(96,004)
Advances from parent company	3,377,985	-
	(1,007,804)	(4,342,999)
Cash flows used in investing activities		
Purchase of property and equipment	(6,535)	(18,696)
	(6,535)	(18,696)
Cash flows from financing activities		
Proceeds from warrants exercised	-	6,250
Proceeds from the issuance of convertible debentures	-	5,495,000
	-	5,501,250
Net change in cash and cash equivalents	(1,014,339)	1,139,555
Cash and cash equivalents, beginning of year	1,154,872	15,317
Cash and cash equivalents, end of year	140,533	1,154,872
Non-cash transactions		
Shares issued for conversion of convertible debt	6,725,490	
Shares issued for debt settlement	-	70,000
Reclassification of expired warrants	167,200	-
Reclassification of exercised warrants	-	20,904
Subscriptions received in advance	-	805,000
Obligation to issue shares	-	250,000

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

FRIDAY'S DOG INC.
CONSOLIDATED CARVE-OUT STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Obligations to issue shares	Reserves	Deficit	Shareholders' Deficiency
		$	$	$	$	$
Balance at December 31, 2020	**23,882,751**	**2,491,107**	**250,000**	**182,647**	**(4,203,493)**	**(1,279,739)**
Shares issued for debt settlement	200,000	70,000	-	-	-	70,000
Obligations to issue shares	500,000	250,000	(250,000)	-	-	-
Advisory warrants	-	-	-	5,457	-	5,457
Warrants exercised	124,999	27,154	-	(20,904)	-	6,250
Loss for the year	-	-	-	-	(2,545,818)	(2,545,818)
Balance at December 31, 2021	**24,707,750**	**2,838,261**	**-**	**167,200**	**(6,749,311)**	**(3,743,850)**
Shares issued for conversion of convertible debentures	19,215,673	6,725,490	-	-	-	6,725,490
Warrants expired	-	-	-	(167,200)	167,200	-
Loss for the year	-	-	-	-	(5,363,983)	(5,363,983)
Balance at December 31, 2022	**43,923,423**	**9,563,751**	**-**	**-**	**(11,946,094)**	**(2,382,343)**

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

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Friday's Dog Inc. ("FDI" or the "Company") is a company incorporated on March 13, 2019 under the *Business Corporations Act* (British Columbia). Its registered and record office is located at 1055 W. Georgia Street, Suite 1500, Vancouver, BC V6E 4N7 and its corporate office is located at 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company's principal business activity is to create premium hair care and pet care products that are formulated with natural, ethically sourced ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

These consolidated carve-out financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

As at December 31, 2022, the Company has accumulated a deficit of $11,946,094 since inception and has working deficit of $2,401,685. The operations of the Company have primarily been funded by private placements and advancements from the parent company.. At December 31, 2022, the Company was not generated gross profit. Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The Company's ability to continue its operations is dependent upon support from its current parent Company Friday's Dog Holdings Inc.. These consolidated carve-out financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated carve-out financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

b) Basis of Presentation

On February 25, 2022, Friday's Dog Holdings Inc. ("FDHI") formerly Cerro Mining Corp. ("Cerro"), a company incorporated on February 27, 1987 under the *Business Corporations Act* (British Columbia) completed its reverse takeover transaction with FDI (the "RTO"). The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly-owned subsidiary of Cerro ("Cerro Subco"). FDI amalgamated with Cerro Subco and the holders of common shares of FDI (each a "FDI Share") received one common share of the resulting issuer of the RTO for every one FDI Share held. Following completion of the RTO the common shares of FDHI were listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the ticker symbol "FRDY.

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation (continued)

As a result of the RTO, the amalgamated company formed by the amalgamation of FDI and Cerro Subco became a wholly-owned subsidiary of FDHI. All outstanding warrants of FDI were converted for warrants of FDHI on a one-to-one basis. For accounting purposes, FDI is considered to be the acquirer and the Company as the acquiree.

These consolidated carve-out financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these carve-out financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The purpose of these consolidated carve-out financial statements is to provide general purpose historical financial information of the consolidated carve-out Company.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Company have been applied. The carve-out financial statements have been extracted from historical accounting records with estimates used, when necessary, for certain allocations.

For the year ended December 31, 2022, the consolidated carve-out statement of financial position reflect the assets and liabilities recorded by the consolidated entity FDHI which have been assigned to the Company on the basis that they are specifically identifiable and attributable to the Company. The consolidated carve-out statement of loss and comprehensive loss reflected expenses that were incurred and attributable to the Company.

Nevertheless, these consolidated carve-out financial statements may not include all the actual expenses that would have been incurred had we operated as a standalone company during the periods presented and may not reflect our consolidated results of operations, financial position and cash flows had we operated as a standalone company during the periods presented.

Management believes the assumptions underlying these consolidated carve-out financial statements, including the assumptions regarding the allocation of general corporate expenses from FDHI, are reasonable. Nevertheless, management cautions readers of these carve-out financial statements, that the Company's results do not necessarily reflect what the financial position, loss and comprehensive loss or cash flows would have been had the Company been a separate entity. Further, the allocation of income and expenses in these carve-out statements of loss and comprehensive loss do not necessarily reflect the nature and level of the Company's future income and operating expenses.

c) Basis of Consolidation

These consolidated carve-out financial statements include the accounts of the Company, Friday's Dog (Canada) Inc., the Company's wholly owned subsidiary incorporated in Canada, and Friday's Dog (USA) Inc. and Cair by David Cosmetics (California) Inc., the Company's wholly owned subsidiaries incorporated in Delaware, USA and California, USA respectively. On November 1, 2021, the Company dissolved Cair by David Cosmetics (California) Inc. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated carve-out financial statements.

d) Functional and Presentation Currency

These consolidated carve-out financial statements are presented in Canadian dollars, unless otherwise noted. The functional currency of the Company including its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

2. BASIS OF PRESENTATION (CONTINUED)

d) Functional and Presentation Currency (continued)

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

e) Approval of the Financial Statements

The consolidated carve-out financial statements of the Company for the year ended December 31, 2022 were approved and authorized for issue by the Board of Directors on March 12, 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these carve-out financial statements.

a) Critical accounting judgments and estimates

The preparation of the carve-out financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the carve-out financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
The Company makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

Convertible debentures and derivatives
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss).

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Critical accounting judgments and estimates (continued)

Impairment of inventories
The Company makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Allocation of Financial Information
The allocation of assets, liabilities and income and expenses attributable to the Company post-RTO requires judgement regarding what actual operations would have been if the Company had continued as a standalone company. In determining a method, management has assessed various approaches, and concluded that the most reasonable approach is an allocation based on the nature of the balance or expense and if it can be directly attributable to and incurred as a result of the operations versus those costs that are directly attributable to being a public company which have been excluded.

b) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) 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 classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified as follows:

Financial instrument	Measurement
Cash and cash equivalents	FVPTL
Receivables	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Advances from parent company	Amortized cost
Convertible debentures	Amortized cost
Derivative liabilities	FVTPL

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Financial Assets
Subsequent to initial recognition, financial assets classified and measured at amortized cost using the effective interest method.

Financial assets classified as FVTPL are recognized initially at fair values less transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in comprehensive income. The fair value measurements are based on level 1 inputs, being quoted prices in active markets for identical instruments.

Impairment of financial assets at amortized cost

The Company recognizes an allowance using the ECL model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Financial Liabilities
Financial liabilities are classified as and are measured at amortized cost subsequent to initial measurement at fair value, except derivative liabilities. The derivative liabilities are initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates with original maturities of three months or less. As at December 31, 2022, the Company had cash equivalents of $67,689 (December 31, 2021 - $nil).

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rate is applicable as follows:

Furniture and equipment 20% Declining balance

e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value and for damaged or expired inventory.

f) Convertible debenture and derivative liability

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components, or if both components represent liabilities. For convertible debentures which provide conversion into a fixed number of shares (the "fixed-for-fixed" criteria), the liability component is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The liability component is accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

For convertible debentures which provide conversion into a variable number of shares or into a fixed number of shares for a variable amount of consideration, the conversion option is accounted for as an embedded derivative, which is separated from the host contract. The conversion option of the convertible debentures outstanding at December 31, 2021 met the criteria of a derivative instrument liability because the conversion price of the convertible debentures varied depending on certain factors and thus did not meet the "fixed-for-fixed" criteria. As a result, the Company separately accounts for the conversion feature as a derivative liability recorded at fair value and marked-to-market each period with the changes in the fair value recognized in profit or loss. The liability component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the derivative liability.

FRIDAY'S DOG INC.
NOTES TO CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of the equity instruments issued is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

h) Revenue recognition

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. Amounts received from customers in advance of revenue recognition are recorded as deferred revenue. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales taxes. No element of financing is deemed present as the sales are made with credit terms standard for the market.

i) Income taxes

Current income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on taxable income for the year. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current income tax relating to items recognized directly in equity is recognized in the statements of changes in equity (deficiency) and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Income taxes

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

k) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the carve-out financial statements as at December 31, 2022 and 2021.

m) New accounting standards, interpretations and amendments not yet effective

The following amendments will be effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) New accounting standards, interpretations and amendments not yet effective

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results and financial position of the Company.

4. DEPOSITS

As at December 31, 2022, the Company has paid deposits of $nil (December 31, 2021 - $1,092,007) towards the purchase of bottle samplings and future products.

5. INVENTORIES

	December 31, 2022	December 31, 2021
	$	$
Finished goods	907,079	-

As at December 31, 2022, all of the Company's inventory was considered finished goods, which consisted of $906,306 (December 31, 2021 - $nil) related to the pet hygienic line and $773 (December 31, 2021 - $nil) related to pet treats.

As at December 31, 2022 management prepared an impairment assessment of inventory. As a result, the Company recorded a write down of inventory of $983,906 (December 31, 2021 - $nil).

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6. PROPERTY AND EQUIPMENT

	Furniture and equipment
	$
Cost:	
Balance, December 31, 2020	-
Additions	18,696
Balance, December 31, 2021	18,696
Additions	6,535
Balance, December 31, 2022	25,231
Depreciation:	
Balance, December 31, 2020	-
Depreciation for the year	1,870
Balance, December 31, 2021	1,870
Depreciation for the year	4,019
Balance, December 31, 2022	5,889
Net book value:	
As at December 31, 2021	16,826
As at December 31, 2022	**19,342**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
	$	$
Accounts payable	132,183	28,828
Accrued liabilities	105,682	296,527
	237,865	**325,355**

8. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES

Convertible debentures

	$
Balance, December 31, 2020	-
Proceeds	6,300,000
Allocation of proceeds to derivative liabilities	(1,664,158)
Accretion	499,065
Accrued interest	349,348
Balance, December 31, 2021	**5,484,255**
Accretion	1,165,093
Accrued interest	76,142
Conversion to shares	(6,725,490)
Balance, December 31, 2022	**-**

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8. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

Derivative liabilities

	$
Balance, December 31, 2020	-
Recognition of derivative liabilities	1,664,158
Gain on revaluation of derivative liabilities	(1,412,674)
Balance, December 31, 2021	**251,484**
Gain on revaluation of derivative liabilities	(251,484)
Balance, December 31, 2022	**-**

During the year ended December 31, 2021, the Company closed and issued convertible debentures for aggregate total proceeds of $6,300,000 ("2021 Debentures").

The 2021 Debentures boar interest at 8% per annum and expire on April 23, 2023. At the option of the lenders, the lenders could convert their debentures and any accrued interest into common shares of the Company, for a price equal to the lower of (i) $0.70, and (ii) 70% of the liquidity event price, being (a) in the event of initial public offering ("IPO") and the price at which the Company's common shares or other securities were issued and sold; (b) in the event of a reverse takeover or merger transaction, the price attributed to the Company's common shares in that transaction or deemed issue price of the Company's common shares exchanged in the reverse takeover or merger transaction; or (c) in the event of a change of control, the price attributed to the Company's common shares in such transaction. In the event the convertible debentures remained outstanding at maturity, the debentures with its accrued interest would be payable, in cash or shares, at the option of the Company, at $0.70 per common share.

As the conversion price of the convertible debentures varied depending on certain factors, the Company recorded an embedded derivative liability with respect to the conversion feature with the residual amount allocated to the debt component. The debt component was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative liabilities were initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The initial fair value of the embedded derivative for the 2021 Debentures was determined to be $1,664,158 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.22% - 0.31%
Dividend yield	-
Expected life	0.69 - 2.00 years
Volatility	100%
Probability of conversion at maturity	50%
Probability of conversion at $0.70 or a 70% of a liquidity event price	50%

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8. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITIES (CONTINUED)

As of December 31, 2021, the fair value of the embedded derivative for the 2021 Debentures was determined to be $251,484 using the Black-Scholes Option Pricing model with the following weighted average assumptions:

Risk-free interest rate	0.10% - 0.31%
Dividend yield	-
Expected life	0.16 – 1.31 years
Volatility	100%
Probability of conversion at maturity	nil%
Probability of conversion at $0.70 or a 70% of a Liquidity Event Price	100%

In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company.

9. SHARE CAPITAL AND RESERVES

Authorized share capital

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

Issued share capital

During the year ended December 31, 2021:

a) In July 2021, the Company issued 200,000 common shares with a fair value of $70,000 pursuant to a debt settlement for unpaid management fees.

b) In July 2021, the Company issued 500,000 common shares to settle its obligation to issue shares of $250,000. The obligation related to a March 2020 consulting agreement with a former officer whereby the Company was required to issue 500,000 common shares with a value of $250,000 as part of the compensation.

c) The Company issued 124,999 common shares in connection with the exercise of 124,999 warrants with an exercise price of $0.05 for total proceeds of $6,250. In relation to the exercise of the warrants, the proportionate fair value of $20,904 was reclassified from reserves to share capital.

During the year ended December 31, 2022:

a) In February 2022, the 2021 Debentures and accrued interest with a fair value of $6,725,490 were converted at a price of $0.35 per share into 19,215,673 common shares of the Company (Note 8).

Advisory warrants

In September 2022, 1,000,000 warrants with an exercise price $0.05 expired unexercised. As a result, the Company transferred $167,200 representing the fair value of the warrants from reserves to deficit.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Advisory warrants (continued)

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2020	**1,124,999**	**0.05**
Exercised	(124,999)	0.05
Balance, December 31, 2021	**1,000,000**	**0.05**
Expired	(1,000,000)	**0.05**
Balance, December 31, 2022	**-**	**-**

During the year ended December 31, 2021, the Company recognized consulting expenses of $5,457 relating to the vesting of certain previously issued advisory warrants.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the years ended December 31, 2022 and 2021, the Company entered into the following transactions with key management personnel:

	For the year ended December 31,	
	2022	**2021**
	$	$
Consulting and management fees	**699,605**	604,818

As at December 31, 2022, accounts payable and accrued liabilities include $30,985 (2021 - $nil) due to officers and directors.

Advances from Parent Company
As at December 31, 2022, FDHI has advanced the Company $3,377,985 (December 31, 2021 - $nil). The amounts are non-interest bearing and have no set repayment obligations.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the manufacture of hair care and pet care products. Geographic information is as follows:

December 31, 2022	Canada	USA	Total
	$	$	$
Current assets	307,086	907,079	1,214,165
Property and equipment	19,342	-	19,342
Total assets	326,428	907,079	1,233,507

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11. SEGMENTED INFORMATION (CONTINUED)

December 31, 2022	Canada	USA	Total
	$	$	$
Revenue	-	157,281	157,281
Cost of sales	-	(231,999)	(231,999)

December 31, 2021	Canada	USA	Total
	$	$	$
Current assets	1,211,411	1,089,007	2,300,418
Property and equipment	16,826	-	16,826
Total assets	1,228,237	1,089,007	2,317,244

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities, advances from parent company, convertible debentures, and derivative liabilities. The Company's cash and cash equivalents is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, accounts payable and accrued liabilities and advances from parent company approximates their carrying values due to the short-term nature of these instruments. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Note 8.

The Company is exposed to a variety of financial risks by virtue of its activities including the following:

a) Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and cash equivalents. Risk associated with cash and cash equivalents is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares.

c) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

e) Foreign exchange risk
The Company conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2022, the Company had a foreign currency net monetary liability position of approximately US$4,092. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $751.

13. MISAPPROPRIATION OF ASSETS

For the years ended December 31, 2021 and 2020, the Company identified payments made to certain vendors and to a former officer of the Company. The payments related to purported equipment and product purchases and research activities. The Company has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000) (2020 - $1,347,430 (US$1,012,053)).

In December 2022 the Company entered into a mutual release and settlement agreement (the "Settlement Agreement") with the estate of David Babaie, a former officer of the Company (the "Estate"), with regards to certain creditor claims filed by a wholly-owned subsidiary ("FDI") of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer (the "Claims"). David Babaie held 8,000,000 shares of the Company.

Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (subsequently surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

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14. INCOME TAXES

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

	2022	2021
	$	$
Loss for the year	(5,363,983)	(2,545,818)
Expected income tax (recovery)	(1,448,000)	(687,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(32,000)
Permanent differences	-	272,000
Adjustment to prior years provision	218,000	
Share issue cost	1,000	-
Change in unrecognized deductible temporary differences	1,229,000	447,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2022	2021
	$	$
Deferred tax assets (liabilities)		
Share issue costs	1,000	-
Convertible debentures and derivative liabilities	-	(247,000)
Non-capital losses	2,347,000	247,000
Property and equipment	9,000	-
	2,357,000	-
Unrecognized deferred tax assets	(2,357,000)	-
Net deferred tax assets	-	-

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

	2022	Expiry Date Range	2021	Expiry Date Range
	$		$	
Temporary Differences				
Property and equipment	35,000	No expiry date	2,000	No expiry date
Allowable capital losses	-	No expiry date	261,000	No expiry date
Non-capital losses				
Canada	8,143,000	2033 to 2042	3,911,000	2039 to 2041
US	1,000	Indefinite	1,000	Indefinite

15. SUBSEQUENT EVENT

On March 4, 2024 FDHI, the Company's legal parent announced the spin-out (the "Spin-Out") of all of the issued and outstanding common shares of the Company, which currently operates the existing consumer canine care and grooming product business, to the shareholders of FDHI (the "Shareholders").

FDHI intends to complete the Spin-Out by way of a statutory plan of arrangement (the "Plan of Arrangement"). The Spin-Out is subject to approval from the Shareholders, the Supreme Court of British Columbia and the TSX-V. The Plan of Arrangement is intended to create two public reporting companies.

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15. SUBSEQUENT EVENT (CONTINUED)

FDHI entered into an arrangement agreement (the "Arrangement Agreement") with the Company pursuant to which FDHI will complete a spin-out of all of the issued and outstanding common shares of the Company (the "Spinco Shares") to the existing Shareholders on a 1-to-1 ratio pursuant to the Plan of Arrangement.

Under the terms of the Arrangement Agreement, FDHI will complete the following steps as part of the Plan of Arrangement:

i. FDHI will alter its share capital to create the new common shares (the "New Shares").
ii. FDHI will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of FDHI as Class A common shares without par value (the "Class A Common Shares").
iii. Each Shareholder will transfer to FDHI all of their Class A Common Shares and in exchange receive the following:
    a. One New Share at an exchange ratio of 1-to-1; and
    b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
iv. FDHI will alter its share capital so that only the New Shares will remain.
v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement Agreement;
vi. Upon the Plan of Arrangement becoming effective, the Company will cease to be a wholly-owned subsidiary of FDHI and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

SCHEDULE "I"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FDI FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2023

FRIDAY’S DOG INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

General

This Management Discussion & Analysis ("MD&A") of Friday's Dog Inc. ("FDI" or "Spinco") was prepared by management as at March 12, 2024. The following discussion of performance, financial condition and future prospects should be read in conjunction with the carve out audited financial statement for the year ended December 31, 2022 and 2021, and the unaudited condensed interim consolidated carve out statements and notes thereto for the three and nine months ended September 30, 2023 and 2022 (the "Financial Statements"). The information provided herein supplements but does not form part of the Financial Statements.

All information contained in this MD&A is current as of March 12, 2024 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Overview

Friday's Dog Holdings Inc. ("FDHI or the "Company") is a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia). The Company's principal place of business is 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company is a public company and its shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FRDY". The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced non-toxic ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

The Company intends to reorganize its assets and operations into two separate companies: FDHI and Friday's Dog Inc. ("SpinCo"). FDHI intends to complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement Agreement").

Under the terms of the Arrangement Agreement, the Company will complete the following steps as part of the Plan of Arrangement:

i. the Company will alter its share capital to create the new common shares (the "New Shares").
ii. the Company will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of the Company as Class A common shares without par value (the "Class A Common Shares").
iii. Each Shareholder will transfer to the Company all of their Class A Common Shares and in exchange receive the following:
    a. One New Share at an exchange ratio of 1-to-1; and
    b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
iv. The Company will alter its share capital so that only the New Shares will remain.
v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement;
vi. Upon the Plan of Arrangement becoming effective, Spinco will cease to be a wholly-owned subsidiary of the Company and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Arrangement Agreement involves distribution of Spinco Shares to existing FDHI shareholders, such that each FDHI shareholder will hold one share of Spinco for each one FDHI share they hold.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

This MD&A has been compiled for purposes of inclusion in an Information Circular for Friday's Dog Holdings Inc. in connection with the Arrangement Agreement described above.

Spinco has incurred operating losses to date and does not generate cash flows from operations to support its activities. With no source of operating cash flow, there is no assurance that sufficient funding will be available to further develop and produce its premium pet care products. The ability to continue as a going concern remains dependent upon its ability to obtain the financing necessary to continue to fund its operations through intercompany loans from the ultimate parent company, the realization of future profitable production, and/or other sources.

This MD&A does not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Spinco be unable to continue as a going concern. Such adjustments could be material.

Reverse-Takeover Transaction with Friday's Dog Inc.

On February 25, 2022, Friday's Dog Holdings Inc. formerly Cerro Mining Corp. ("Cerro"), a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia) completed its reverse takeover transaction with FDI (the "RTO"). The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly-owned subsidiary of Cerro ("Cerro Subco"). FDI amalgamated with Cerro Subco and the holders of common shares of FDI (each a "FDI Share") received one common share of the resulting issuer of the RTO for every one FDI Share held. Following completion of the RTO the common shares of FDHI were listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the ticker symbol "FRDY.

Corporate Activities

For the year ended December 31, 2021, FDI identified payments made to certain vendors and to a former officer of FDI. The payments related to purported equipment and product purchases and research activities. FDI has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000).

In January 2023, 7,400,000 shares of the Company were cancelled and returned to treasury pursuant to the mutual release and settlement agreement entered with the estate of David Babaie, as discussed below. In December 2022 the Company entered into a mutual release and settlement with the estate of David Babaie, a former officer of the Company, with regards to certain creditor claims filed by a wholly-owned subsidiary of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

Corporate Goals

Management believes that the demand for premium dog care products is rising as the heightened awareness of environmental issues has increased the consumer demand for manufactured goods that reduce pets' exposure to harmful chemicals and toxic ingredients. In addition, the pet industry has witnessed rapid growth due to the humanization of dogs. Many owners consider their dogs "members of the family" and purchase supplies that are designed to cater to their health and hygiene needs. Wash and care merchandise such as pet shampoo have become essential products to keep animals clean and hygienic and to maintain the shine and brightness of their coat. Other wash and care products also prevent the common skin problems related to germs, fleas, and ticks, among others. All these factors are anticipated to bode well for pet wash and care product demand.

According to a recent report published by Allied Market Research, an arm's length party to FDI, the global pet grooming products market size was valued at US $3.8 billion in 2017 and is projected to reach US$5.5 billion in 2025. The global pet shampoo and conditioner market is expected to grow at a Compound Annual Growth Rate ("**CAGR**") of 5.0% between 2019 and 2025, and with North America dominating with a CAGR of 3.9% in terms of value.

The US pet grooming products market accounts for nearly 30% of the global market. The household segment is expected to register the fastest CAGR of 6.7% from 2019 to 2025, owing to the increasing adoption of companion animals across the globe.

Historically, the pet care industry is one of the few that is considered recession proof, because bad economic times have not reduced revenues. Pet-care spending even grew during the past two recessions: 29% during the 2001 recession and 17% during the 2008-09 recession. Despite the economic slowdown experienced worldwide due to the COVID-19 pandemic, the pet care products industry has adapted through increased online marketing.

The online platform or distribution channel has witnessed exponential growth due to the rise in the penetration of the internet and smartphones and the development of the e-commerce industry. In 2019, retail e-commerce sales worldwide amounted to US $3.53 trillion and e-retail revenues are projected to grow to US$6.54 trillion in 2022. In the US, revenue from online sales are projected to at least double by 2024.

In addition to e-commerce through its' corporate website, FDI will market the products on the Amazon sales platform which is considered an essential part of the success of any direct to consumer business model. Spinco has made a strategic shift to focus on sustainable growth, and has taken decisive action to reduce cash burn taking measures to enhance both short and long-term liquidity including pausing non-critical capital expenditures and lowering general & administrative spending with the aim of extending its cash runway and establishing a path towards profitability.

Spinco provides the following operational updates following the changes in corporate strategy as it continues to progress on previously announced milestones:

- Spinco will focus on bottled products to maximize current inventory revenue potential by growing repeat orders from small businesses in the USA and leveraging the breeder networks from current retail relationships.
- Spinco has begun grass-roots marketing and advertising through micro partnerships with niche charities seeking high end dog-related products for ticketed events and fundraisers across the USA as well as larger, more established philanthropic organizations with wider audience reach.
- Spinco has continuous weekly sales growing steadily with Chewy.com since June 2023 in partnership with Click Industries, a third-party buyer/reseller/marketing firm.
- Spinco is working with a third-party promotional and micro distributor to get product in front of more audiences through local outreach initiatives without additional sales management costs – recently targeting the cities of Pittsburgh, Nashville, Washington DC, and Atlanta. The latest event was the Pittsburgh Pet Expo 2023.
- Spinco has successfully launched all nine SKUs on Amazon as of August 2022 outpacing forecasted sales with month-over-month growth in units sold and revenue. Two Amazon affiliate content programs have been completed and Spinco has transitioned to a new, multi-funnel agency partner to optimize new video advertising content for higher viewer traffic, re-marketing, and increased ROAS by Q1 2023 through offensive and targeted advertising strategy.
- Spinco has pitched to four major televised home shopping networks globally with three confirming next stage interest for test show series potentially featuring all nine SKUs for networks in Australia, Canada and USA.
- Spinco is shifting the majority of its focus to securing contracts with international distribution and domestic retail following interest by multiple foreign markets and domestic retail deficits in luxury at home dog grooming.
- Spinco has found most success in physical, in-person events and tradeshows and will be prioritizing B2B contracts and partnerships with parallel brands and organizations as part of expanded D2B market penetration strategy.
- Spinco is in the process of developing domestic retail partnerships by channel with specific interest in specialty dog services with CPG retail offerings.
- Spinco continues to explore other operations of interest while establishing a path towards profitability for its pet line business.

Operations

The following table sets forth selected financial information regarding the Spinco's operating and administrative expenses for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended September 30,		For the nine months ended September 30,	
Expenses	**2023**	**2022**	**2023**	**2022**
Accretion	94,586	118,192	299,236	727,787
Consulting and management fees	967	1,005	2,901	3,014
Foreign change loss (gain)	(1,482)	16,821	3,373	28,055
General and administration expense	5,094	61,017	49,355	175,254
Interest expense	-	-	-	76,142
Marketing	-	424,650	137,223	1,249,290
Product development	735	24,545	33,940	349,116
Professional fees	31,748	11,741	122,325	267,756
Travel and related	14,312	15,080	34,409	34,593
Total	**145,960**	**673,051**	**682,762**	**4,076,100**

Spinco's operating expenses for the three months ended September 30, 2023 totaled $145,960 (September 30, 2022 - $673,051). The table below details the changes in major expenditures for the three months ended September 30, 2023 as compared to the corresponding period ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
General and administration expense	Decease of $44,261	Deceased due to reduced expenditures and termination of office lease.
Marketing	Decease of $424,650	Decreased due to reduced expenditures on marketing fees for creating market awareness in Q3 2023.

Spinco's operating expenses for the nine months ended September 30, 2023 totaled $682,762 (September 30, 2022 - $4,076,100). The table below details the changes in major expenditures for the nine months ended September 30, 2023 as compared to the corresponding nine months ended September 30, 2022:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion expenses	Decrease of $1,165,093	Decreased as the Company no longer holds the underlying convertible debenture
Consulting fees	Decrease of $482,551	Decreased due to engaging fewer consultants in the current period.
General and administration expense	Decease of $125,899	Deceased due to reduced expenditures and termination of office lease.
Interest expense	Decease of $76,142	Decreased as the Company no longer holds the underlying convertible debenture which accrued interest in Q1 2022.
Marketing	Decease of $1,112,067	Decreased due to reduced expenditures on marketing fees for creating market awareness in current period.
Product development	Decease of $315,176	Decreased due to engaging fewer development services for its products.

As at September 30, 2023, Spinco had not yet achieved profitable operations and has accumulated losses of $12,463,786 (December 31, 2022 - $11,946,094) since inception. These losses resulted in a net loss per share (basic and diluted) for the nine months ended September 30, 2023 of $0.01 (September 30, 2022 - $0.09).

Liquidity and Capital Resources

Spinco's liquidity and capital resources are as follows:

	September 30, 2023	December 31, 2022
	$	$
Cash and cash equivalents	142,053	140,533
Restricted cash	67,620	-
Receivables	106,795	86,222
Inventories	739,973	907,079
Prepaid expenses	55,567	80,331
Total current assets	1,112,008	1,214,165
Accounts payables and accrued liabilities	141,215	237,865
Advances from parent company	3,887,269	3,377,985
Working capital (deficit)	**(2,914,476)**	**(2,401,685)**

The operations of the Spinco have primarily been funded by the issuance of common shares and advances from the parent company, and will rely on its ability to obtain adequate equity financing in the future. The ability of Spinco to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its premium pet care success. There can be no assurance that the Spinco will succeed in obtaining financing, now or in the future. Failure to raise sufficient funding for its operations and ongoing business activities on a timely basis could cause the Spinco to suspend its operation and eventually to forfeit its production.

Risks and Uncertainties

The business and operations of FDI are subject to numerous risks, many of which are beyond FDI's control, including: uncertainties related to the impact of the COVID-19 pandemic on capital markets and supply chains; changes in economic conditions or financial markets; increases in input costs; the quality, performance, safety and claims of FDI's ingredients, products and packaging; inability to anticipate and respond to market trends and changes in consumer preferences; growth rate of the pet care and hair care industries and an adverse change in the size or growth rate of such industries; dependent on a limited number of retail and distribution partners for a large portion of its sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners; retention of key members of its senior management team and ability to attract and retain qualified personnel; marketing and advertising strategies may not be successful; claims made against Spinco from time to time that could result in litigation, distract management from its business activities and result in significant liability or damage to its brand; unable to protect its intellectual property, the value of its brand and other intangible assets may be diminished; ability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties. Spinco continually seeks to minimize its exposure to these adverse risks and uncertainties, but by the nature of its business and operations, it will always have some degree of risk.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Spinco and include both executives and non-executive directors, and entities controlled by such persons. Spinco considers all directors and officers of Spinco to be key management personnel.

During the nine months ended September 30, 2023, Spinco entered into the following transactions with key management personnel:

	For nine months ended September 30,	
	2023	**2022**
	$	$
Consulting and management fees	**255,970**	616,925

As at September 30, 2023, accounts payable and accrued liabilities include $113,708 (December 31, 2022 - $30,985) due to officers and directors.

During the nine months ended September 30, 2023, Spinco entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

a. Incurred consulting and management fees of $90,000 (September 30, 2022 - $70,000) to Jeremy Ross, CEO and director of the Company. As at, September 30, 2023 $72,860 (December 31, 2022 - $25,000) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
b. Incurred consulting and management fees of $165,970 (September 30, 2022 - $120,195) to Chelsea Rusche, President and COO of the Company. As at, September 30, 2023 $40,848 (December 31, 2022 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
c. Incurred consulting and management fees of $nil (September 30, 2022 - $5,700) to a company controlled by Ryan Cheung, CFO of the company. As at, September 30, 2023 $nil (December 31, 2022- $5,985) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement
d. Incurred consulting and management fees, including severance payments, of $nil (September 30, 2022- $358,530) to Richard Scheiner, former CEO and COO of the Company.
e. Incurred consulting and management fees of $nil (September 30, 2022- $62,500) to Paul Charlish, former CFO of the Company.

Off- Balance Sheet Arrangements

Spinco has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
Spinco makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Spinco uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Spinco's earnings (loss).

Impairment of inventories
The Spinco makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Spinco will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Spinco's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Financial Instruments and Other Instruments

Spinco's financial instruments consist of cash and cash equivalents, restricted cash, receivables, deposits, accounts payable and accrued liabilities, and advances from parent company. Spinco's cash and cash equivalents is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of restricted cash, receivables, accounts payable and accrued liabilities and advances from parent company approximates their carrying values due to the short-term nature of these instruments.

Spinco is exposed to a variety of financial risks by virtue of its activities including the following:

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. Spinco's exposure to credit risk is on its cash and cash equivalents and restricted cash. Risk associated with cash and cash equivalents and restricted cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

b) Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates with original maturities of three months or less. As at September 30, 2023, Spinco had cash equivalents of $142,053 (December 31, 2022 - $140,533). Restricted cash includes cashable guaranteed investment certificates held as security for Spinco's corporate credit cards. As at September 30, 2023, Spinco had restricted cash of $67,620 (December 31, 2022 - $nil)

c) Liquidity risk
Liquidity risk is the risk that Spinco will encounter difficulties in meeting obligations when they become due. Spinco aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account Spinco's holdings of cash and cash equivalents. Spinco believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares.

d) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Spinco is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

e) Price risk
Spinco is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on Spinco's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. Spinco is not exposed to price risk as it has no instruments in publicly held securities.

f) Foreign exchange risk
Spinco conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at September 30, 2023, Spinco had a foreign currency net monetary liability position of approximately US$1,560. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $212.

Subsequent Event

On March 4, 2024 FDHI, the Spinco’s legal parent announced the spin-out (the “Spin-Out”) of all of the issued and outstanding common shares of the Spinco, which currently operates the existing consumer canine care and grooming product business, to the shareholders of FDHI (the “Shareholders”).

FDHI intends to complete the Spin-Out by way of a statutory plan of arrangement (the “Plan of Arrangement”). The Spin-Out is subject to approval from the Shareholders, the Supreme Court of British Columbia and the TSX-V. The Plan of Arrangement is intended to create two public reporting companies.

FDHI entered into an arrangement agreement (the “Arrangement Agreement”) with the Spinco pursuant to which FDHI will complete a spin-out of all of the issued and outstanding common shares of the Spinco (the “Spinco Shares”) to the existing Shareholders on a 1-to-1 ratio pursuant to the Plan of Arrangement.

Under the terms of the Arrangement Agreement, FDHI will complete the following steps as part of the Plan of Arrangement:

i. FDHI will alter its share capital to create the new common shares (the “New Shares”).
ii. FDHI will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of FDHI as Class A common shares without par value (the “Class A Common Shares”).
iii. Each Shareholder will transfer to FDHI all of their Class A Common Shares and in exchange receive the following:
    a. One New Share at an exchange ratio of 1-to-1; and
    b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
iv. FDHI will alter its share capital so that only the New Shares will remain.
v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement Agreement;
vi. Upon the Plan of Arrangement becoming effective, the Spinco will cease to be a wholly-owned subsidiary of FDHI and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

Disclosure of Data for Outstanding Common Shares and Warrants

The following table summarizes the outstanding common shares and warrants Spinco:

	As at September 30, 2023	Date of this MD&A
Common shares	43,923,423	43,923,423
Warrants	-	-

Forward Looking Statements

This document may contain “forward-looking information” within the meaning of Canadian securities legislation (“forward-looking statements”). These forward-looking statements are made as of the date of this document and the Spinco does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Spinco’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Spinco are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Spinco has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Spinco's behalf, except as may be required by applicable law.

Other MD&A Requirements

Additional information relating to the Spinco may be found on SEDAR at www.sedar.com.

SCHEDULE "J"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FDI FOR THE YEARS-ENDED DECEMBER 31, 2022, 2021 AND 2020

FRIDAY'S DOG INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

General

This Management Discussion & Analysis ("MD&A") of Friday's Dog Inc. ("FDI" or "Spinco") was prepared by management as at March 12, 2024. The following discussion of performance, financial condition and future prospects should be read in conjunction with the consolidated carve out audited financial statement for the year ended December 31, 2022 and 2021, and notes thereto (the "Financial Statements"). The information provided herein supplements but does not form part of the Financial Statements.

All information contained in this MD&A is current as of March 12, 2024 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Overview

Friday's Dog Holdings Inc. ("FDHI or the "Company") is a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia). The Company's principal place of business is 710 – 1030 West Georgia St., Vancouver, BC V6E 2Y3. The Company is a public company and its shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "FRDY". The Company's principal business activity is to create premium pet care products that are formulated with natural, ethically sourced non-toxic ingredients; and are non-GMO and sulfate, paraben, and cruelty free for direct business to consumer sales.

The Company intends to reorganize its assets and operations into two separate companies: FDHI and Friday's Dog Inc. ("SpinCo"). FDHI intends to complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement Agreement").

Under the terms of the Arrangement Agreement, the Company will complete the following steps as part of the Plan of Arrangement:

- i. the Company will alter its share capital to create the new common shares (the "New Shares").
- ii. the Company will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of the Company as Class A common shares without par value (the "Class A Common Shares").
- iii. Each Shareholder will transfer to the Company all of their Class A Common Shares and in exchange receive the following:
    - a. One New Share at an exchange ratio of 1-to-1; and
    - b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
- iv. The Company will alter its share capital so that only the New Shares will remain.
- v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement;
- vi. Upon the Plan of Arrangement becoming effective, Spinco will cease to be a wholly-owned subsidiary of the Company and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

This MD&A has been compiled for purposes of inclusion in an Information Circular for Friday's Dog Holdings Inc. in connection with the Arrangement Agreement described above.

Spinco has incurred operating losses to date and does not generate cash flows from operations to support its activities. With no source of operating cash flow, there is no assurance that sufficient funding will be available to further develop and produce its premium pet care products. The ability to continue as a going concern remains dependent upon its ability to obtain the financing necessary to continue to fund its operations through intercompany loans from the ultimate parent company, the realization of future profitable production, and/or other sources.

This MD&A does not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Spinco be unable to continue as a going concern. Such adjustments could be material.

Reverse-Takeover Transaction with Friday's Dog Inc.

On February 25, 2022, Friday's Dog Holdings Inc. formerly Cerro Mining Corp. ("Cerro"), a company incorporated on February 27, 1987 under the Business Corporations Act (British Columbia) completed its reverse takeover transaction with FDI (the "RTO"). The RTO was completed by way of a three-cornered amalgamation among Cerro, FDI and a wholly-owned subsidiary of Cerro ("Cerro Subco"). FDI amalgamated with Cerro Subco and the holders of common shares of FDI (each a "FDI Share") received one common share of the resulting issuer of the RTO for every one FDI Share held. Following completion of the RTO the common shares of FDHI were listed on Tier 2 of the TSX Venture Exchange ("TSX-V") under the ticker symbol "FRDY.

Corporate Activities

In February 2022, immediately prior to the closing of the Transaction, the convertible debentures totaling $6,300,000 issued in fiscal 2021 and accrued interest totaling $425,490 were converted into 19,215,673 common shares of FDI at a price of $0.35 per share.

In September 2022, 1,000,000 advisory warrants with an exercise price $0.05 expired unexercised.

For the year ended December 31, 2021, FDI identified payments made to certain vendors and to a former officer of FDI. The payments related to purported equipment and product purchases and research activities. FDI has determined these payments represent no economic benefit and are considered a misappropriation of assets in the amount of $742,798 (US$600,000).

In January 2023, 7,400,000 shares of the Company were cancelled and returned to treasury pursuant to the mutual release and settlement agreement entered with the estate of David Babaie, as discussed below. In December 2022 the Company entered into a mutual release and settlement with the estate of David Babaie, a former officer of the Company, with regards to certain creditor claims filed by a wholly-owned subsidiary of the Company against the assets of the Estate relating to fraud and certain alleged breaches of fiduciary duty against the former officer. Pursuant to the terms of the Settlement Agreement the parties agreed to settle all matters associated with the Claims on the following terms:

(i) FDI agreed within 14 days of the effective date of the Settlement Agreement to discontinue the Claims filed by FDI on June 1, 2022 and September 29, 2022 in the Superior Court of California, County of Los Angeles, with no order as to costs and agree not to bring any further claims in respect of the disputed matters in the Claims;
(ii) FDI agreed to allow the Estate to retain 600,000 common shares of the Company;
(iii) the Estate agreed to surrender for cancellation the Estate's remaining 7,400,000 (surrendered) common shares of the Company (the "Settlement Shares"); and
(iv) FDI and the Estate agreed to a mutual release from all matters relating to the Claims.

Corporate Goals

Management believes that the demand for premium dog care products is rising as the heightened awareness of environmental issues has increased the consumer demand for manufactured goods that reduce pets' exposure to harmful chemicals and toxic ingredients. In addition, the pet industry has witnessed rapid growth due to the humanization of dogs. Many owners consider their dogs "members of the family" and purchase supplies that are designed to cater to their health and hygiene needs. Wash and care merchandise such as pet shampoo have become essential products to keep animals clean and hygienic and to maintain the shine and brightness of their coat. Other wash and care products also prevent the common skin problems related to germs, fleas, and ticks, among others. All these factors are anticipated to bode well for pet wash and care product demand.

According to a recent report published by Allied Market Research, an arm's length party to FDI, the global pet grooming products market size was valued at US $3.8 billion in 2017 and is projected to reach US$5.5 billion in 2025. The global pet shampoo and conditioner market is expected to grow at a Compound Annual Growth Rate ("**CAGR**") of 5.0% between 2019 and 2025, and with North America dominating with a CAGR of 3.9% in terms of value.

The US pet grooming products market accounts for nearly 30% of the global market. The household segment is expected to register the fastest CAGR of 6.7% from 2019 to 2025, owing to the increasing adoption of companion animals across the globe.

Historically, the pet care industry is one of the few that is considered recession proof, because bad economic times have not reduced revenues. Pet-care spending even grew during the past two recessions: 29% during the 2001 recession and 17% during the 2008-09 recession. Despite the economic slowdown experienced worldwide due to the COVID-19 pandemic, the pet care products industry has adapted through increased online marketing.

The online platform or distribution channel has witnessed exponential growth due to the rise in the penetration of the internet and smartphones and the development of the e-commerce industry. In 2019, retail e-commerce sales worldwide amounted to US $3.53 trillion and e-retail revenues are projected to grow to US$6.54 trillion in 2022. In the US, revenue from online sales are projected to at least double by 2024.

In addition to e-commerce through its' corporate website, FDI will market the products on the Amazon sales platform which is considered an essential part of the success of any direct to consumer business model. Spinco has made a strategic shift to focus on sustainable growth, and has taken decisive action to reduce cash burn taking measures to enhance both short and long-term liquidity including pausing non-critical capital expenditures and lowering general & administrative spending with the aim of extending its cash runway and establishing a path towards profitability.

Spinco provides the following operational updates following the changes in corporate strategy as it continues to progress on previously announced milestones:

- Spinco will focus on bottled products to maximize current inventory revenue potential by growing repeat orders from small businesses in the USA and leveraging the breeder networks from current retail relationships.
- Spinco has begun grass-roots marketing and advertising through micro partnerships with niche charities seeking high end dog-related products for ticketed events and fundraisers across the USA as well as larger, more established philanthropic organizations with wider audience reach.
- Spinco has continuous weekly sales growing steadily with Chewy.com since June 2023 in partnership with Click Industries, a third-party buyer/reseller/marketing firm.
- Spinco is working with a third-party promotional and micro distributor to get product in front of more audiences through local outreach initiatives without additional sales management costs – recently targeting the cities of Pittsburgh, Nashville, Washington DC, and Atlanta. The latest event was the Pittsburgh Pet Expo 2023.
- Spinco has successfully launched all nine SKUs on Amazon as of August 2022 outpacing forecasted sales with month-over-month growth in units sold and revenue. Two Amazon affiliate content programs have been completed and Spinco has transitioned to a new, multi-funnel agency partner to optimize new video advertising content for higher viewer traffic, re-marketing, and increased ROAS by Q1 2023 through offensive and targeted advertising strategy.
- Spinco has pitched to four major televised home shopping networks globally with three confirming next stage interest for test show series potentially featuring all nine SKUs for networks in Australia, Canada and USA.
- Spinco is shifting the majority of its focus to securing contracts with international distribution and domestic retail following interest by multiple foreign markets and domestic retail deficits in luxury at home dog grooming.
- Spinco has found most success in physical, in-person events and tradeshows and will be prioritizing B2B contracts and partnerships with parallel brands and organizations as part of expanded D2B market penetration strategy.
- Spinco is in the process of developing domestic retail partnerships by channel with specific interest in specialty dog services with CPG retail offerings.
- Spinco continues to explore other operations of interest while establishing a path towards profitability for its pet line business.

Selected Annual Information

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the Financial Statements:

	For the year ended December 31,		
	2022	2021	2020
	$	$	$
Sales	157,281	-	-
Cost of sales	(231,999)	-	-
Operating expenses	(4,612,578)	(3,215,694)	(1,922,648)
Other income (expenses)	(676,687)	669,876	(1,347,430)
Net loss	(5,363,983)	(2,545,818)	(3,270,078)
Loss per share (basic)	(0.13)	(0.10)	(0.16)

	As at December 31, 2022	As at December 31, 2021
	$	$
Working capital (deficit)	(2,401,685)	1,975,063
Total assets	1,233,507	2,317,244
Total liabilities	3,615,850	6,061,094

Fourth Quarter

During the fourth quarter ended December 31, 2022, the Company recorded net loss of $1,571,466 or $0.04 per share compared with net loss of $348,328 or $0.01 per share in the fourth quarter of 2021. During the fourth quarter of 2022, the Company recorded the following significant expenses: consulting and management fees of $91,033, marketing fees of $253,005, professional fees of $107,122, and write down of inventory of $983,906. During the fourth quarter of 2021 the Company recorded the following significant expenses: accretion of $172,055, consulting fees recovery of $273,341, interest of $127,036, marketing of $604,323, and product development of $169,334.

Summary of Quarterly Results

The following selected quarterly financial information is derived from the financial statements of the Company.

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three months ended	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
	$	$	$	$
Gross profit (loss)	(53,309)	(25,899)	4,490	-
Loss and comprehensive loss	(1,571,467)	(666,377)	(1,273,519)	(1,852,620)
Loss per share - basic and diluted	(0.04)	(0.02)	(0.03)	(0.06)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three months ended	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
	$	$	$	$
Gross profit	-	-	-	-
Loss and comprehensive loss	(348,828)	(1,040,087)	(279,550)	(877,353)
Loss per share - basic and diluted	(0.01)	(0.04)	(0.04)	(0.04)

Variances quarter over quarter can be explained as follows:

- In the quarter ended December 31, 2022, the Company recorded a loss on inventory write down of $983,906.
- In the quarter ended June 30, 2022, the Company recorded greater consulting and management fees related to the payment of severance for former CEO.
- In the quarter ended March 31, 2022, the Company recorded accretion expenses of $1,165,093 and listing expenses of $14,182,194 in connection to the reverse takeover.

Operations

The following table sets forth selected financial information regarding the Spinco's operating and administrative expenses for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
Expenses	**2022**	**2021**
Accretion	1,165,093	499,065
Consulting and management fees	818,820	630,714
Depreciation	4,019	1,870
Foreign exchange loss (gain)	31,624	4,146
General and administration expenses	227,488	36,092
Interest expense	76,142	349,348
Marketing	1,502,295	1,064,443
Product development	363,615	192,599
Professional fees	374,878	432,014
Travel and related	48,604	5,403
Total	**4,612,578**	**3,215,694**

Spinco's operating expenses for the year ended December 31, 2022 totaled $4,612,578 (2021 - $3,215,694). The table below details the changes in major expenditures for the year ended December 31, 2022 as compared to the corresponding year ended December 31, 2021:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion expenses	Increase of $666,028	Increased due to writing off the discounted value of the convertible debentures when repaid in full.
Consulting and management fees	Increase of $188,106	Increased due to engaging more consultants in the current year.
Marketing	Increase of $437,852	Increased due to incurring marketing fees for creating market awareness.

Spinco's operating expenses for the year ended December 31, 2021 totaled $3,215,694 (2020 - $1,922,648). The table below details the changes in major expenditures for the year ended December 31, 2021 as compared to the corresponding year ended December 31, 2020:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Accretion expenses	Increase of $499,065	Increased due to convertible debentures financing closed in April 2021.
Consulting fees	Increase of $259,114	Increased due to engaging new consultants, appointing new management, and increases in certain current consultant's compensation.
Interest expense	Increase of $336,229	Increased due to convertible debentures financing closed in April 2021.
Marketing	Increase of $70,837	Increased due to incurring marketing fees for creating market awareness.

As at December 31, 2022 Spinco had not yet achieved profitable operations and has accumulated losses of $11,946,094 (2021 - $6,749,311) since inception. These losses resulted in a net loss per share (basic and diluted) for the year ended December 31, 2022 of $0.13 (2021 - $0.10).

Liquidity and Capital Resources

Spinco's liquidity and capital resources are as follows:

	December 31, 2022	December 31, 2021
	$	$
Cash and cash equivalents	140,533	1,154,872
Receivables	86,222	28,297
Deposits	-	1,092,007
Inventories	907,079	-
Prepaid expenses	80,331	25,242
Total current assets	1,214,165	2,300,418
Accounts payables and accrued liabilities	237,865	325,355
Advances from parent company	3,377,985	-
Working capital (deficit)	**(2,401,685)**	**1,975,063**

The operations of the Spinco have primarily been funded by the issuance of common shares and advancements from the parent company Future operations of Spinco will rely on its ability to obtain adequate equity financing. The ability of Spinco to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its premium pet care success. There can be no assurance that the Spinco will succeed in obtaining financing, now or in the future. Failure to raise sufficient funding for its operations and ongoing business activities on a timely basis could cause the Spinco to suspend its operation and eventually to forfeit its production.

Risks and Uncertainties

The business and operations of FDI are subject to numerous risks, many of which are beyond FDI's control, including: uncertainties related to the impact of the COVID-19 pandemic on capital markets and supply chains; changes in economic conditions or financial markets; increases in input costs; the quality, performance, safety and claims of FDI's ingredients, products and packaging; inability to anticipate and respond to market trends and changes in consumer preferences; growth rate of the pet care and hair care industries and an adverse change in the size or growth rate of such industries; dependent on a limited number of retail and distribution partners for a large portion of its sales, and the loss or decline of one or more of these retail or distribution partners, or business challenges at one or more of these retail or distribution partners; retention of key members of its senior management team and ability to attract and retain qualified personnel; marketing and advertising strategies may not be successful; claims made against Spinco from time to time that could result in litigation, distract management from its business activities and result in significant liability or damage to its brand; unable to protect its intellectual property, the value of its brand and other intangible assets may be diminished; ability to operate its business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.
Spinco continually seeks to minimize its exposure to these adverse risks and uncertainties, but by the nature of its business and operations, it will always have some degree of risk.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Spinco and include both executives and non-executive directors, and entities controlled by such persons. Spinco considers all directors and officers of Spinco to be key management personnel.

During the year December 31, 2022, Spinco entered into the following transactions with key management personnel:

	For year ended December 31,	
	2022	**2022**
	$	$
Consulting and management fees	**699,605**	604,818

As at December 31, 2022, accounts payable and accrued liabilities include $30,985 (2021 - $nil) due to officers and directors.

During the years ended December 31, 2022, Spinco entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

a. Incurred consulting and management fees of $100,000 (2021 - $nil) to Jeremy Ross, CEO and former President of the Spinco. As at December 31, 2022, $25,000 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement.
b. Incurred consulting and management fees of $167,175 (2021 - $nil) to Chelsea Rusche, President and COO of the Spinco.
c. Incurred consulting and management fees of $11,400 (2021 - $nil) to a Spinco controlled by Ryan Cheung, CFO of the Spinco. As at December 31, 2022, $5,985 (2021 - $nil) was included in accounts payable and accrued liabilities for management fees and expenses reimbursement
d. Incurred consulting and management fees, including severance payments, of $358,530 (2021 - $204,815) to Richard Scheiner, former CEO and COO of the Spinco.
e. Incurred consulting and management fees of $62,500 (2021 - $12,857) to Paul Charlish, former CFO of the Spinco.
f. Incurred consulting and management fees of $nil (2021 - $110,000) to Brian Ast, former CFO of the Spinco.
g. Incurred consulting and management fees of $nil (2021 - $177,146) to David Babaii, former CEO of the Spinco.
h. Incurred consulting and management fees of $nil (2021 - $100,000) to Kelly Willet, former COO of the Spinco.

Off- Balance Sheet Arrangements

Spinco has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, revenue and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment exercised in applying accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements is:

Functional currency
Determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of Compensatory Warrants
Spinco makes certain estimates and assumptions when calculating the estimated fair values of warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of warrants.

Deferred income taxes
The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Convertible debentures and derivatives
The Spinco uses the Black-Scholes Option Pricing Model to determine the fair value of derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Spinco's earnings (loss).

Impairment of inventories
The Spinco makes certain estimates and assumptions when calculating the impairment or write down of inventory. The significant assumptions used include estimates of net realizable value including future sales prices and costs. Changes in these assumptions may result in a material change to the loss recorded for the write down of inventory and to inventory.

Going concern of operations
The financial statements have been prepared on a going concern basis, which assumes that the Spinco will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Spinco's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Reverse Takeover
Assessing the value of the consideration transferred and the net identifiable assets acquired and liabilities assumed in connection with the reverse takeover, involves the use of judgement.

Financial Instruments and Other Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Spinco's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits, accounts payable and accrued liabilities, convertible debentures, and derivative liabilities. The Spinco's cash and cash equivalents and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The fair value of receivables, deposits, and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are measured at fair value using level 1 inputs. Convertible debentures is measured at amortized cost and derivative liabilities is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liabilities are described in Financial Statement Note 8.

The Spinco is exposed to a variety of financial risks by virtue of its activities including credit risk, liquidity risk, interest rate risk, price risk and foreign currency risk.

a) Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Spinco's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

b) Liquidity risk
Liquidity risk is the risk that the Spinco will encounter difficulties in meeting obligations when they become due. The Spinco aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Spinco's holdings of cash. The Spinco believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or common shares..

c) *Interest rate risk*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Spinco is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

d) *Price risk*
Spinco is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on Spinco's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. Spinco is not exposed to price risk as it has no instruments in publicly held securities.

e) *Foreign exchange risk*
Spinco conducts the majority of business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2022, Spinco had a foreign currency net monetary liability position of approximately US$4,092. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $751.

Subsequent Event

On March 4, 2024 FDHI, the Spinco's legal parent announced the spin-out (the "Spin-Out") of all of the issued and outstanding common shares of the Spinco, which currently operates the existing consumer canine care and grooming product business, to the shareholders of FDHI (the "Shareholders").

FDHI intends to complete the Spin-Out by way of a statutory plan of arrangement (the "Plan of Arrangement"). The Spin-Out is subject to approval from the Shareholders, the Supreme Court of British Columbia and the TSX-V. The Plan of Arrangement is intended to create two public reporting companies.

FDHI entered into an arrangement agreement (the "Arrangement Agreement") with the Spinco pursuant to which FDHI will complete a spin-out of all of the issued and outstanding common shares of the Spinco (the "Spinco Shares") to the existing Shareholders on a 1-to-1 ratio pursuant to the Plan of Arrangement.

Under the terms of the Arrangement Agreement, FDHI will complete the following steps as part of the Plan of Arrangement:

i. FDHI will alter its share capital to create the new common shares (the "New Shares").
ii. FDHI will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of FDHI as Class A common shares without par value (the "Class A Common Shares").
iii. Each Shareholder will transfer to FDHI all of their Class A Common Shares and in exchange receive the following:
    a. One New Share at an exchange ratio of 1-to-1; and
    b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
iv. FDHI will alter its share capital so that only the New Shares will remain.
v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement Agreement;
vi. Upon the Plan of Arrangement becoming effective, the Spinco will cease to be a wholly-owned subsidiary of FDHI and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

Disclosure of Data for Outstanding Common Shares and Warrants

The following table summarizes the outstanding common shares and warrants of Spinco:

	As at December 31, 2022	Date of this MD&A
Common shares	43,923,423	43,923,423
Warrants	-	-

Forward Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and Spinco does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Spinco's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Spinco are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Spinco has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on Spinco's behalf, except as may be required by applicable law.

Other MD&A Requirements

Additional information relating to the Spinco may be found on SEDAR at www.sedar.com.

SCHEDULE "K"

PRO FORMA FINANCIAL STATEMENTS OF FDHI POST-ARRANGEMENT AS AT SEPTEMBER 30, 2023

FRIDAY'S DOG

FRIDAY’S DOG HOLDINGS INC.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

FRIDAY'S DOG HOLDINGS INC.
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

FRIDAY'S DOG HOLDINGS INC.
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	Friday's Dog Holdings Inc. as at September 30, 2023	Fridays Dog Inc. Carve Out Adjustments	Friday's Dog Holdings Inc. as at September 30, 2023 Upon Arrangement
	$	$	$
ASSETS			
Current			
Cash and cash equivalents	5,325,203	(209,673)	5,115,530
Receivables	136,054	(106,795)	29,259
Marketable securities	195	-	195
Inventories	763,899	(763,899)	-
Prepaid expenses	64,931	(55,567)	9,364
	6,290,282	(1,135,934)	5,154,348
Loan receivable	-	3,887,269	3,887,269
Property and equipment	16,441	(16,441)	-
	6,306,723	2,734,894	9,041,617
LIABILITIES			
Current			
Accounts payable and accrued liabilities	457,934	(141,214)	316,720
SHAREHOLDERS' DEFICIENCY			
Share capital	33,123,636	-	33,123,636
Deficit	(27,274,847)	2,876,108	(24,398,739)
	5,848,789	2,876,108	8,724,897
	6,306,723	2,734,894	9,041,617

Approved on behalf of the Board of Directors on March 12, 2024:

"Arthur Kwan" Director *"Ali Sodagar"* Director

FRIDAY'S DOG HOLDINGS INC.
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

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

FRIDAY'S DOG HOLDINGS INC.
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

FRIDAY'S DOG HOLDINGS INC.
PRO FORMA CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Fridays Dog Holdings Inc for the nine months ended September 30, 2023	Fridays Dog Inc Carve Out Adjustments	Fridays Dog Holdings Inc as at September 30, 2023 Upon Arrangement
	$	$	$
Revenue			
Sales	443,437	(443,437)	-
Cost of sales	(445,950)	445,950	-
Gross profit (loss)	(2,513)	2,513	-
Expenses			
Consulting and management fees	447,146	(299,236)	147,910
Depreciation	2,901	(2,901)	-
Filing fees	39,870	-	39,870
Foreign exchange loss	3,707	(3,373)	334
General and administration expenses	99,015	(49,335)	49,680
Marketing	140,716	(137,223)	3,493
Product development	33,940	(33,940)	-
Professional fees	283,929	(122,325)	161,604
Travel and related	34,409	(34,409)	-
	(1,085,633)	682,762	(402,871)
(Loss) income from operations	(1,088,146)	685,275	(402,871)
Other income and expenses			
Net change in marketable securities	(130)	-	(130)
Interest income	191,529	(191,509)	20
	191,399	(191,509)	(110)
Loss and comprehensive income (loss) for the period	(896,747)	493,766	(402,981)
Basic and diluted loss per share	(0.01)		(0.00)
Weighted average number of common shares outstanding – basic and diluted	84,682,612		84,682,612

FRIDAY'S DOG HOLDINGS INC.
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

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

1. PLAN OF ARRANGEMENT

These unaudited pro forma consolidated financial statements have been compiled for purposes of inclusion in an Information Circular for Friday's Dog Holdings Inc. ("FDHI" or the "Company") dated March 12, 2024.

FDHI intends to reorganize its assets and operations into two separate companies: FDHI and Friday's Dog Inc. ("SpinCo"). FDHI intends to complete a share capital reorganization by way of statutory plan of arrangement ("Arrangement Agreement").

Under the terms of the Arrangement Agreement, the Company will complete the following steps as part of the Plan of Arrangement:

i. the Company will alter its share capital to create the new common shares (the "New Shares").
ii. the Company will alter its authorized share structure to rename and re-designate all of the issued and outstanding common shares of the Company as Class A common shares without par value (the "Class A Common Shares").
iii. Each Shareholder will transfer to the Company all of their Class A Common Shares and in exchange receive the following:
    a. One New Share at an exchange ratio of 1-to-1; and
    b. such number of Spinco Shares as is equal to their pro-rata percentage ownership of common shares of the Company.
iv. The Company will alter its share capital so that only the New Shares will remain.
v. Upon surrender of the Class A Common Shares, each Class A Common Share will be deemed after the closing of the Plan of Arrangement to represent only the right to receive from the transfer agent, upon such surrender, such number of New Shares and Spinco Shares that the Shareholder is entitled to pursuant to the Arrangement Agreement;
vi. Upon the Plan of Arrangement becoming effective, Spinco will cease to be a wholly-owned subsidiary of the Company and, as of the effective date of the Plan of Arrangement, the Shareholders will hold all of the outstanding Spinco Shares.

The Plan of Arrangement is subject to approval of the Court, the Shareholders, and the TSX-V, and there can be no assurance that such approvals will be obtained or that the Plan of Arrangement will be completed on the terms contemplated, or at all.

2. BASIS OF PRESENTATION

These unaudited pro forma consolidated financial statements give effect to the Arrangement Agreement, whereby FDHI will spin out the common shares of Spinco.

These unaudited pro forma consolidated financial statements have been compiled from and include:

I. An unaudited pro forma consolidated statement of financial position, giving effect to the Arrangement Agreement as if it occurred on September 30, 2023.
II. An unaudited pro forma consolidated statement of loss and comprehensive loss, giving effect to the Arrangement Agreement as if it had occurred on September 30, 2023.

FRIDAY'S DOG HOLDINGS INC.
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

These unaudited pro forma consolidated financial statements are provided for illustrative purposes only, and do not purport to represent the financial position that would have resulted had the Arrangement Agreement actually occurred on September 30, 2023 or the results of operations that would have resulted had the Arrangement Agreement actually occurred on September 30, 2023. Further, these pro forma consolidated financial statements are not necessarily indicative of the future financial position or results of operations of the FDHI as a result of the Arrangement Agreement. These unaudited pro forma consolidated financial statements should be read in conjunction with the condensed interim consolidated financial statements of FDHI and the condensed interim consolidated carve out financial statements of Spinco for the three and nine months ended September 30, 2023 and 2022, and the audited consolidated financial statements of FDHI and the consolidated carve out financial statements of Spinco for the year ended December 31, 2022 and 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unaudited pro forma consolidated financial statements are consistent with the accounting policies disclosed in the Friday's Dog Holdings Inc. audited consolidated financial statements for the years ended December 31, 2022 and 2021.

4. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

I. As at September 30, 2023, certain assets and liabilities recorded by the Company that are specifically identifiable and attributable to Spinco, have been assigned to Spinco.
II. Income and expenses that were incurred by and attributable to Spinco, have been assigned to Spinco.
III. Upon completion of the Arrangement Agreement, FDHI will distribute one new SpinCo common share to its shareholders for every one FDHI share that the participating shareholder is holding as of the effective date of the Arrangement Agreement.
IV. Upon completion of the Arrangement Agreement, advances from the Company to Spinco will become due as a loan receivable.

5. INCOME TAXES

No value has been ascribed to any acquired tax loss carry forwards obtained by Spinco. as part of the Arrangement Agreement, as Spinco is an early stage company, and it is not known whether sufficient future taxable profits will be available to utilize these losses prior to expiry.

SCHEDULE "L"

FAIRNESS OPINION

FAIRNESS OPINION

Proposed Transaction between

FRIDAY'S DOG INC. ("Spinco")
and
FRIDAY'S DOG HOLDINGS INC. ("Company")

Prepared for:

Members of the Board of Friday's Dog Holdings Inc. only

March 1, 2024

RwE GROWTH PARTNERS, INC.

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APPENDICES AND SCHEDULES

1.0 ASSIGNMENT AND PROPOSED TRANSACTION

Assignment

RwE Growth Partners, Inc. ("RwE" or the "authors of the Report") was engaged by the Members of the Board of Directors (the "Board") of Friday's Dog Holdings Inc. ("FRDY", "Friday's Day Holdings" or the "Resulting Issuer") to prepare a Fairness Opinion (the "Report") regarding the fairness of a proposed transaction between FRDY and Friday's Dog Inc. ("FDI" or "Spinco")

Proposed Transaction

RwE has been advised that FRDY has proposed a corporate restructuring by way of a plan of arrangement (the "POA" or the "Arrangement") under the provisions of the Business Corporations Act (British Columbia). Pursuant to the Arrangement, FRDY will transfer ownership of the common shares of FRDY's wholly owned subsidiary Friday's Dog Inc., a corporation incorporated under the laws of the Province of British Columbia (referred to as "Spinco"). Upon closing of the Arrangement (as defined in the Arrangement Agreement) FRDY's shareholders will become, on a pro rata basis, the shareholders of the Spinco (the "Spinco Shares").

Following closing of the Arrangement, the Resulting Issuer expects that it will become listed on the NEX Board of the TSX Venture Exchange (the "TSX-V"). The NEX Board is a separate board of the TSX-V that provides a trading forum for listed companies that no longer meet the TSX-V's ongoing listing requirements and listing standards. You can see more details here: http://apps.tmx.com/en/nex/aboutUs/about.html.

Also, Spinco – which owns 100% of FDI - will continue to operate the FDI dog care business (this can be examined at https://fridaysdog.com/). Certain assets and liabilities of FRDY will remain within the Resulting Issuer, while certain other assets and liabilities of FRDY, as well as C$50,000 of cash, will be transferred into Spinco. Overall: (1) FRDY shareholders of record, 2024 will remain shareholders of the Resulting Issuer on the same pro-rata percentage as held at the closing of the Arrangement; and (2) FRDY shareholders of record will also each receive their Spinco shares based on their pro-rata percentage holdings of shares of FRDY. All of the above transactions are collectively referred to as the "Proposed Transaction".

RwE has been advised by the Board that the Arrangement won't change FRDY's shareholders' positions post POA.

The Report opines only as to the fairness of the Proposed Transaction from a financial point of view of the FRDY's shareholders only. The Report, or a summary, may be submitted to the B.C. Supreme Court (the "Court") as part of completing the Proposed Transaction.

FRDY paid RwE a fixed professional fee, plus GST taxes to prepare this Report.

RwE, its principals and partners, staff and associates, do not assume any type of responsibility and/or business / financial liability for losses incurred by FRDY, Spinco and/or any related equity holders and/or warrant holders and/or securityholders, the FRDY and Spinco (the "Parties") directors and/or its management, and/or any regulatory bodies and/or other parties as a result of the circulation, publication, reproduction, or use of the Report, as well as any as any use contrary to the provisions of the Report and the signed RwE and FRDY engagement letter.

The Report is based on the scope of work that has been undertaken, the data and information provided by the Parties and the various assumptions made.

RwE has not audited the information and data provided by the Parties, nor has it performed any forensic review, nor can it be expected to catch or identify any fraud and/or misleading data or information from the Parties. Instead, RwE has relied on the fact that the Parties have provided accurate and reliable data.

RwE also reserves the right to review all calculations included or referred to in the Report and, if RwE considers it necessary, to revise the Report in light of any information existing at the Valuation Date (i.e., as at or near September 30, 2023) which becomes known to RwE after the date of the Report.

Unless otherwise indicated, all monetary amounts are stated in Canadian dollars (C$).

2.0 BACKGROUND

FRDY has noted to RwE that:

"Friday's Dog nearly didn't go to market due to the original founder's unfortunate and sudden passing in August 2021.

However, a member of the original creative team and a new operator came on board and revitalized the brand to be a CSR-driven luxury bath and beauty dog company. Friday's Dog began community and philanthropic initiatives with Best Friends Animal Society and are extending their reach to local, results-driven dog charities with global partners as the brand expands.

Friday's Dog is co-developed with groomers and veterinarians, starting with Dr. Lisa of Malibu Vet based in Malibu, California. All wash lines contain our groomer and veterinarian co-developed proprietary oil blend and our oral care is cat and dog safe.

Friday's Dog is a premium CPG company specializing in dog-care products sold primarily through DTC channels. Products range from treats, shampoos and conditioners, grooming and care products, and dog lifestyle accessories. Launched in April, 2022 FDI had 9 ready-made products, and has 70 other items in development at varying stages in the pipeline for continued DTC distribution."

Mission and Values

"Our mission is to become America's most trusted dog brand for all your dog care needs."

We want to celebrate dogs everywhere by offering their owners a vast array of superior, innovative, and uncommonly beautiful dog-care products.

Our Values

GENUINE QUALITY

We understand that quality matters, and our ingredients matter. At Friday's Dog, one of our core values is to give customers products they can trust. To stay true to our values, we dedicated ourselves during our R&D process to ensuring our products were safe for dogs and producing genuine quality products. Yet we didn't want to stop at producing products we thought were genuine quality; we wanted to earn your trust. So, we brought in a doggy expert, and if she didn't want to use our products on her dogs, then we didn't either. With the help of Dr. Lisa Newell, we can guarantee our ingredients are trustworthy and quality.

Learn about our Veterinarian

EFFECTIVE PRODUCTS

Friday's Dog is dedicated to higher-quality products that are effective. We want you to have a premium experience with the satisfaction of knowing your dog is getting the best. During our R&D, we scoured the world for the best and most effective ingredients, but you need a goal to know whether your ingredients are effective. That's why we focused on common issues dogs everywhere face: itch-relief, giving coats a silky feel, moisturizing properties, skin protection, brightening coats and more. We also wanted to design products of such high quality that it's equal to what groomers use.

That's why we teamed up with the professional groomer Lucie. She's been grooming since she was 13 years old! By 19, she was already one of the best teachers in the UK, teaching students worldwide. As if that wasn't enough, she also came to the USA to learn and work under top groomer Colin Taylor for 3 months. Her commitment to excellence is why we wanted to work with her. Together, we ensured each product was top quality and effective for day-to-day bathing! With every shampoo and conditioner we launch, we want you to know you're getting groomer quality for at-home use.

Learn More

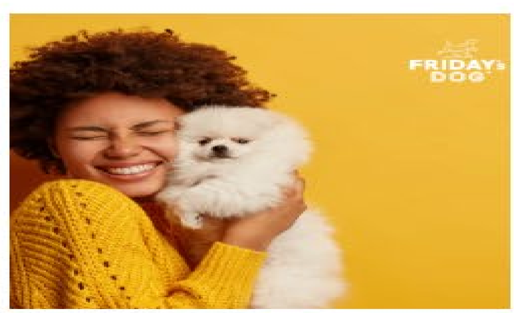
AUTHENTIC CARE

On top of providing top-tier quality and service, Friday's Dog as a whole wants to give dogs and their humans authentic care. By authentic care, we mean we want to give dogs and their humans quality products so they can form stronger bonds together. Our products reflect this message. We have treats and grooming products which enable people to connect more with their furry friends! Each product gives dogs a pampering experience, and people can use them to tell their dogs that they love them.

GIVING BACK

Our founder, David Babaii, tragically passed before he could see Friday's Dog come to life. However, his #1 priority was that he and Friday's Dog make a HUGE difference in the world. So, giving back is the heart and soul of Friday's Dog.. We plan to have a myriad of partners who work to improve the lives of dogs both here in the United States and the rest of the world. The Best Friends Animal Society is our first partner in our journey of giving back. BFAS is an organization that stops all pets from being killed in shelters and gives each animal a forever home. We continue to look for future partnerships and opportunities to give back. If you also want to support our partners and charities we work with to make a difference in the world, check out our partners page and start today!

Learn More



RwE has reviewed all of the materials that was provided from FRDY and FDI. Readers should obtain business descriptions from FRDY regarding the plans of the Resulting Issuer and FDI.

Also, all readers should refer to Appendix 1.0 – Friday's Dog Holdings Inc. Notice of Special Meeting and Management Information Circular concerning, among other things, the spin-out of Shares of Friday's Dog Inc. to FRDY's Shareholders by way of a Plan of Arrangement. Readers should also refer to Appendix 2.0 – the Plan of Arrangement. Readers should also review Appendix 3.0 – the Proforma Share Structure of FRDY and Spinco.

3.0 SCOPE OF THE REPORT AND FINDINGS

RwE has relied on the following documents and information:

- Interviewed some members of the Board of FRDY and other management of Friday's Dog Inc.
- Obtained data from the securities lawyers of FRDY regarding the structure of the Proposed Transaction.
- Collected data regarding the past, present and planned development of FDI and from the FRDY management.
- Relied on data and information from FRDY and FDI regarding the present and planned operations of FRDY and FDI going forward.
- Collected data on the business of FDI.
- Reviewed the DRAFT Management Information Circular (refer to Appendix 1.0).
- Reviewed the DRAFT Plan of Arrangement document (refer to Appendix 2.0)
- Reviewed the DRAFT proforma share structure of FRDY and Spinco (refer to Appendix 3.0). Was advised by FRDY that the Capitalization Table is the final structure between the Parties.
- Reviewed on www.sedarplus.ca the filings and financial statements of FRDY. This review included examining the most current published financial statements of FRDY, which is the compiled September 30, 2023 statements. It also included a review of the December 31, 2021 and 2022 audited financial statements.
- In July 2021, FRDY (then under its previous name "Cerro Mining Inc.") entered into a definitive agreement with CAIR by David Cosmetics Inc., a Los Angeles-based company focused on a premium hair care and pet care products business. CAIR by David Cosmetics Inc. was renamed to Friday's Dog Inc. ("FDI").

- Reviewed the historical transaction between Friday's Dog Holdings Inc. (also referred to within this Report as "FDHI") – which was formerly Cerro Mining Corp. - and FDI, This was a reverse takeover transaction of the company by FDI by way of a three-cornered amalgamation of FDI and a wholly owned subsidiary of FDHI 1308821 B.C. Ltd. (Subco). The transaction was completed pursuant to the terms of the amended and restated amalgamation agreement dated September 17, 2021, as amended January 19, 2022, between FDHI, Subco and FDI. Following the closing of the Proposed Transaction FDHI carried on the business of FDI as its primary business. In connection with closing of the transaction, FDHI issued an aggregate of 43,923,424 common shares in the capital of FDHI to the former shareholders of FDI. The consideration shares issued to FDI shareholders were subject to certain escrow and seed share resale restrictions pursuant to the policies of the TSX-V as follows:

  - 1,217,806 of the consideration shares that were subject to a three-year hold period with 10% released on the effective date and 15% released every six months thereafter;

  - 124,999 of the consideration shares were subject to a two-year hold period with 20% released on the effective date and 20% released every six months thereafter;

  - 12,773,225 consideration shares, issued to former holders of the FDI convertible debentures, are subject to a one-year hold period with 25% released on the effective date and every four months thereafter;

  - 8,452,445 consideration shares, issued to former shareholders of FDI prior to the conversion of the FDI convertible debentures, are subject to a two-year hold period with 15% released on the effective date and every four months thereafter with 10% released three years from the effective date;

  - 4,894,300 consideration shares, issued to certain principals and promoters (as such terms are defined under TSX-V policies), are subject to an 18-month hold period with 25% released on the effective date and every six months thereafter, as further described in the circular;

  - 15,896,685 consideration shares, issued to certain principals and promoters, are subject to a three-year hold period with 10% released on the effective date and 15% released every six months thereafter, as further described in the circular.

  - In connection with the transaction, FDHI completed an offering of subscription receipts that, as at January 31, 2022, raised gross proceeds of $9,276,000 plus earned interest of $9,899, which was to fund the operations of FDI. Net proceeds released to FDHI from escrow on February 25, 2022 were $9,073,735.

- Reviewed the financial results of FDI during the years ended December 31, 2021 to 2022 and the nine-months till September 30, 2023. There are no other more current financial data and statements on the operations of FDI. It appears to RwE that even with access to more than C$9m of capital FDI's revenues for the period ending

December 31, 2022 was approximately C$160,000 with the loss from operations being around (C$4.9m). If one removes about $300,000 in public company costs the normalized losses appear to be in the range of (C$4.6m). For the nine month period ending September 30, 2023 FDHI reported revenues of approximately C$445,000 and a loss from operations, on a normalized basis of (C$850,000). If one projects the 2023 results forward, the annualized results for the 12 month period ending December 31, 2023, suggests that revenues would be around C$595,000 and the loss from operations would be (C$1.1m). As at September 30, 2023, the cash on-hand of FRDY was around C$5.3 million.

- As at September 30, 2023 FRDY had a market capitalization of around C$5.9m, with around 84 million shares issued and outstanding. FRDY had a market capitalization about C$500,000 above its cash on-hand and was worth approximately FRDY's stated shareholders equity and/or book value of around C$5.8m.

- The global pet grooming products market size is around US$9.9 billion in 2018 and has grown to more than US$11.0 billion by 2023. This is expected to exceed US$16.5 billion by 2027. Rising pet adoptions and humanization are driving the increased spending on various pet products such as grooming, accessories, and food. Growing awareness about pet health is a major factor resulting in increasing demand for pet grooming products. In addition, the growing trend of organic products has encouraged manufacturers to introduce organic grooming shampoos and conditioners for pets. This, in turn, is likely to propel the growth of the market over the forecast period.

- Americans are likely to spend more to take care of their pets. According to a report released by the American Pet Products Association (APPA) in 2023, the overall spending in the U.S. pet industry increased by CAGR of 5%+ between 2018 to 2023. The APPA reported an increase of about 2.7% in spending on pet supplies which includes grooming products along with OTC medicines.

- RwE reviewed a variety of pet grooming companies – i.e., Groomer's Choice, Himalaya Herbal Healthcare, Spectrum Brands, Earthbath, Resco, SynergyLabs, Petco Animal Supplies, Inc., Coastal Pet Products, Vet's Best; 4-Legger and World For Pets.

  RwE found that the industry is extremely competitive – both with regard to price and product offerings. It is clear to RwE that FDI faces material challenges with regard to getting its products and brand broadly accepted in the North American marketplace. While it may have high quality products it appears that the marketplace is very complex and buyers choose products based on many factors – including price and convenience of where to acquire them. The North America led the market in 2023, thereby accounting for more than 50% of the global market share majorly driven by high adoption and spending on pet care in the U.S. The country has the largest number of companion animals in the world. According to APPA, in the U.S. more than 65% of the households owned a companion animal. The adopted companion animals included 90+ million dogs and 94+ million cats. Pet owners have spent approximately more than US$75 billion on their pet care. In Canada, about 41% of households own at least one dog, and approximately 38% own at least one cat. The growing adoption of domestic companion animals in these countries is contributing to the rising demand for various pet grooming products.

- It is easy to see the general capital markets appeal of the pet care and grooming markets. The markets are very large and growing and people continue to acquire pets and need to use pet care products. The problem is the complexity and segmentation of the market on a local, regional, national and international basis. Reaching customers, and keeping them, appears difficult and costly and brand loyalty does not appear to be easy to maintain. Given all of these factors, it is also apparent that small to large firms can spend vast amounts of capital to reach, secure and maintain customers and revenues; and even then, to do so on a profitable basis.

- For example, if one looks at Spectrum Brands Inc. (NYSE:SPB), one sees that although it had revenues of more than US$2.9b it had an EBITDA of (US$72m) in 2023. A review of certain operating results shows multiples for companies even with large revenues.

Some Ratios

	Latest	2023	2022	2021	2020	2019	2018
PE Ratio	1.789	1.747	34.81	23.17	36.06	6.587	2.037
PS Ratio	1.084	1.080	0.7954	1.466	1.346	1.332	0.4104
Price to Book Value	0.9797	1.119	1.967	3.126	2.357	2.024	1.615
Price to Free Cash Flow	--	--	6.967	17.95	14.34	7.036	5.652
PEG Ratio	0.0007	0.0007	--	0.269	0.0768	0.1371	0.0027

Enterprise Ratios

	TTM	Industry Avg	3Y Median
EV to EBITDA	--	17.06	--
EV to EBIT	--	21.32	--
EV to Revenues	0.7366	3.177	1.962
EV to Free Cash Flow	-4.587	23.33	22.89
EV to Assets	0.4687	2.480	1.020

- Also collected general business data from Bloomberg, Reuters, Capital IQ, Bank of Canada, Toronto Dominion Bank, Scotiabank, Moodys, Financial Week, Barrons, The Globe and Mail, mergermarket, TD Securities and BMO Capital Markets.

- Reviewed all data provided by FRDY.

4.0 CONDITIONS AND RESTRICTIONS OF THE REPORT

- RwE understands that a summary of the signed Report may be included in the Management Information Circular. The signed Report may be used for inclusion in public disclosure documents in Canada only. RwE will require that it review public disclosure documents in order to ensure accuracy and consistency with the Report. Such consent will not be unreasonably withheld. The Report cannot be submitted to the CRA or the IRS, nor can it be used in any litigation(s).

- RwE did apply generally accepted CICBV valuation principles to the financial information it received from the Company and followed valuation standards.

- RwE has assumed that the information, which is contained in the Report, is 100% accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report that the Parties, or their representatives, are aware of. RwE did not attempt to audit the accuracy or completeness of the financial, technical, exploration, development and business data and information provided to it. This Report contains conclusions on fair value and on the fair market value of the Parties based on a limited review and analysis undertaken.

- This Report has been prepared in light of those standards of the Canadian Institute of Chartered Business Valuators and the American Society of Appraiser (both of which Richard W. Evans is a member in good standing).

- Should the assumptions used in the Report be found to be incorrect, then the valuation and conclusions may be rendered invalid and would likely have to be reviewed in light of correct and/or additional information. The Report, and more specifically the assessments and views contained therein, is meant as independent review of the Proposed Transaction as at the Valuation Date respecting the scope outlined above.

- The authors of the Report make no representations, conclusions, or assessments, expressed or implied, regarding Companies after the Valuation Date.

- The information contained in the Report pertains only to the conditions prevailing at the time the Report was completed in November 2023 to February 2024 to the Report Date.

- RwE denies any responsibility, financial or legal or otherwise, for any use and/or improper use of the Report however occasioned.

- Any legal disputes or legal action against ICC as a result of the Report, or any other matter, is agreed by the Parties and their management, officers, directors and their respective shareholders are agreed to be settled only in a Canadian court of law.

- RwE as well as all of its principals, partner, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by RwE, its principals, partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Report. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Report.

5.0 ASSUMPTIONS OF THE REPORT

The authors of the Report have made the following assumptions in completing the Report:

(1) As at the Valuation Date all assets and liabilities in respect of the FRDY and Spinco have been recorded in their financial statements and follow IFRS standards. A current audit of the Parties' financial statements as at September 30, 2023 would not result in any material change to the financial statements RwE received. This is a very critical assumption.

(2) The Parties and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Report that would affect the evaluation or comments on the Proposed Transaction and the Parties.

(3) The Management Information Circular disclosures (Appendix 1.0) are accurate and correct regarding the Proposed Transaction.

(4) The Proforma Capitalization Table (and Share Summary) is 100% accurate and correct (including all notes) as provided to RwE. This is a critical assumption.

(5) All conditions precedent to the closing of the Proposed Transaction have, or will be completed, or waived, as set out in the Report, as at or before the closing of the Proposed Transaction and that all Parties complete the Proposed Transaction without any material change/concern/addition/deletion to the shares issued to each of the Parties.

(6) There are no other dilutive events at the close of the Proposed Transaction other than what has been disclosed by the Board in the Report.

(7) There will be no unforeseen and/or material negative tax consequences to FRDY's shareholders and/or securityholders through the closing of the Proposed Transaction.

(8) RwE has been advised by the Board that the Parties will complete the Proposed Transaction with no external financing. RwE has assumed this to be accurate. The Board has advised RwE that it will advance FDI C$50,000 for initial working capital.

(9) All conditions of the POA (refer to Appendix 1.0) is complete, accurate and complete. All conditions for closing of the Proposed Transaction close.

(10) The existing Board / management of FRDY will continue to be responsible for the development and commercialization of the Resulting Issuer.

(11) The Report uses financial information provided by FRDY as at September 30, 2023. Readers are cautioned regarding this. Given the timeframe from this date to the closing of the Proposed Transaction, Readers should note that RwE obtained from FRDY management and the Board that there will be material changes in such reported financial data that would change the findings of the Report. This is a very critical assumption.

(12) The Board has noted to RwE that it is not aware of any other facts involving the Proposed Transaction, or and other matter, that would have any material effect on the conclusions in the Report that has not been provided to RwE.

RwE reserves the right to review all information and calculations included or referred to in this Report and, if it considers it necessary, to revise its views in the light of any information which becomes known to it during or after the date of this Report.

6.0 DEFINITION OF FAIR VALUE AND FAIR MARKET VALUE

For the Report, fair value is set out in International Financial Reporting Standards (IFRS) 13 Fair Value Measurement. This applies to IFRS that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. IFRS 13 was originally issued in May 2011 and applies to annual periods beginning on or after January 1, 2013 on a o forward basis. Fair Value is the method of valuing business assets (and liabilities) for financial reporting in line with accounting practices as established by the Financial Accounting Standards Board (FASB). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value is also defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction" in the International Valuation Standards, 2007, p. 88 by the International Valuation Standards Council. IFRS uses this definition.

In conducting this assignment, sufficient information, and due diligence investigations regarding the background of the Parties, operations, future plans, the industry and markets and major risk factors must be researched, reviewed, and analyzed. This information and our assessments of these areas will be incorporated into the Report. In this Report, fair market value is the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. In Canada, the term "price" should be replaced with the term "highest price". This definition is set out in: https://cbvinstitute.com/wp-content/uploads/2020/02/Practice-Bulletin-No.-2-E.pdf.

With respect to the market for the shares of a company viewed "en bloc" there are, in essence, as many "prices" for any business interest as there are purchasers and each purchaser for a particular "pool of assets", be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it.

In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on), or "synergies" that may result from such an acquisition.

Theoretically, each corporate purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

Based on the authors of the Report's experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor.

In this engagement RwE was not able to expose the Parties for sale in the open market and were therefore unable to determine the existence of any special interest purchasers who might be prepared to pay a price equal to or greater than the fair value or fair market value outlined in the Report.

RwE should note that it is possible that a special interest purchaser may pay a price that is higher than fair market value (i.e., the special purchaser price). The reason for this may be synergistic reasons known only to them. RwE has not factored in any likely special purchaser consideration for the reasons that valuators cannot reasonably quantify such synergies, and valuation literature supports, that unless such synergies can be quantified and proven (though multiple written bids, etc.) they cannot be included.

7.0 COMPARATIVE ANALYSIS REVIEW OF PROPOSED TRANSACTION

7.1 Overview

RwE was engaged by the Board to opine solely on the fairness of FRDY's Proposed Transaction with Spinco. No other RwE opinion is given regarding FRDY and/or Spinco and/or any of its other existing and/or proposed transactions.

When valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case.

Valuation approaches are primarily income-based or asset-based. Income-based approaches are appropriate where an asset and/or enterprise's future earnings are likely to support a value in excess of the value of the net assets employed in its operation.

Commonly used income-based approaches are the Capitalization of Indicated Earnings or Capitalization of Maintainable Cash Flows or a Discounted Cash Flow.

Asset-based approaches can be founded on either going concern assumptions (i.e. an enterprise is viable as a going concern but has no commercial goodwill) or liquidation assumptions (i.e. an enterprise is not viable as a going concern, or going concern value is closely related to liquidation value).

Standard valuation methods applicable to determining value can be grouped into five general categories:

(1) Cost approach;

(2) Market approach (or sales comparison approach);

(3) Income-based approach;

(4) Rules-of-Thumb approach; and

(5) Combination of any of the above approaches.

As there are many definitions of cost, the Cost approach generally reflects the original cost of the assets and/or business in question or the cost to reproduce the intangible assets of the business itself. This approach is premised on the principle that the most a notional purchaser and/or an investor will pay for an investment is the cost to obtain an investment of equal utility (whether by purchase or reproduction). The Market or Sales Comparison approach uses the sales price of comparable assets as the basis for determining value. If necessary, the market transaction data is adjusted to improve its comparability and applicability to the asset being valued.

The Income-Based Approach considers the earnings to be derived through the use of the asset. The capitalized value of the Company's earnings or cash flows is determined with the application of a capitalization rate, reflecting an investor's required rate of return on such an investment.

The Rules-of-Thumb approach can be applied to certain assets to serve as a useful determination of value when industry professionals provide specific information as to standard industry characteristics and/or acknowledged and accepted rules. Rules-of-Thumb often involve the input of specific industry competitors and professionals to indicate certain measurable criteria that can be applied to as indications of value.

Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intangible assets.

8.0 COMPARATIVE ANALYSIS

8.1 Methods Used

8.11 RwE has opined on the fairness of FRDY's proposed spinout of the common shares of FDI to FRDY's shareholders and the effect of such spinout to the Resulting Issuer and the shareholders of FRDY. No other RwE opinion is given.

In doing the above, one has to:

1) assess the fair market value of the existing business of FDI based on the inclusion of certain assets and liabilities within Spinco as at the closing of the Proposed Transaction.

2) the impact of spinning out the business of FDI, while maintaining certain assets and liabilities within the Resulting Issuer.

A set of assets or a business is deemed to be a going concern if it is both conducting operations at a given date and has every reasonable expectation of doing so for the foreseeable future after that date. If such assets or a company is deemed to not be a going concern, it is valued based on a liquidation assumption.

In reviewing the FSD build-up of the historical development of the Licensed IP and the development of Celly Nu's business model, and with consideration to the past and the future, ICC is of the view that the each should be valued on a going concern basis.

8.12 In assessing the assets and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are:

(a) The Income / Cash Flow Approach;

(b) The Market Approach; and

(c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

8.13 The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits. This approach contemplates the continuation of the operations, as if the business is a "going concern".

8.14 The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the "Guideline Public Company Method", (b) the "Merger and Acquisition Method"; and (c) analyses of prior transactions of ownership interests.

8.15 The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset). From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value.

The Cost Approach typically includes a comprehensive and all- inclusive definition of the cost to recreate an asset. Typically, the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset.

8.16 The Asset-Based Approach is adopted where either:

a) liquidation is contemplated because the business is not viable as an ongoing operation;

b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or

c) there are no indicated earnings/cash flows to be capitalized and/or cash flows to be discounted to their NPV.

If consideration of all relevant facts establishes that the Asset-Based Approach is applicable, the method to be employed will be either a going-concern scenario ("Adjusted Net Asset Method") or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.

8.17 Lastly, a combination of the above approaches may be necessary (i.e., a "Weighted Approach") to consider the various elements and time periods (i.e., past, present and future) that are often found within operating businesses as well as specialized companies and/or those firms associated with various forms of intellectual property and where one or two approaches to value is insufficient to capture the nature of the business and its assets.

8.18 While there is material potential in the pet care and grooming and related markets for products like FDI there is no current forecast provided (with detailed assumptions and underlying work) by FRDY and/or FDI management that provides its estimates as to expected revenues and/or EBITDA for any period, including 2024; and/or for the period 2024 to 2028. What is known is that more working capital is needed in CY2024 and much more in CY2025 to grow this business and make it profitable. While one could extrapolate potential market penetration rates of how much market the FDI products could penetrate, such estimates are not sufficient to be the basis of the values as to what the FDI business is worth as at the Valuation Date.

Whether material revenues will be achieved – even though revenues more than tripled from 2022 to 2023 - remains uncertain to RwE and likely to any notional purchaser (not a special interest purchaser who may foresee synergies).

RwE examined other income and market methods to value FDI. However, given the small revenues (after material investments of working capital in 2022 and 2023) and large negative net income and EBITDA results, such methods indicate almost nominal goodwill and intangible value.

Given the nature and status of FDHI and FDI RwE determined it was most reasonable to base the fair market value of FDHI and FDI (on a pre- and post-Proposed Transaction basis) on a net asset basis.

This was logical and reasonable given that there appeared to be nominal goodwill and/or intangible value involved in FDHI and/or FDI.

This work is shown in Schedules 1.1, 1.2, and 2.1.

9.0 FAIRNESS CONSIDERATIONS

The Report addresses only the fairness of the Proposed Transaction to the FRDY shareholders under the POA.

The Report may not be used by any other person or relied upon by another person other than the Board and does not confer any rights or remedies upon any employee, creditor, shareholder, or other equity holder of FRDY and/or FDI/Spinco or any other party.

The fairness of a Proposed Transaction for the FRDY's shareholders is tested by:

i. Assessing the value of the components of the Proposed Transaction. This was set out in Schedules 1.2. and 2.1.

ii. Relying on the disclosures set out in Appendices 1.0 – 3.0 of the Report.

iii. Considering qualitative factors, such as simplification or synergies, that may result from the Proposed Transaction.

There are many events that are assumed will occur between the Valuation Date and the closing of the Proposed Transaction.

These events are either conditions of the Proposed Transaction or are necessary (e.g., due diligence, legal costs and other costs incurred in connection with the Proposed Transaction) aspects of the closing process.

10.0 CONCLUSION AS TO FAIRNESS

Based upon RwE's analysis work and subject to all of the foregoing, RwE is of the opinion, as at the Valuation Date, that the terms of the ***Proposed Transaction is fair, from a financial point of view, to the shareholders of FRDY***.

In assessing the fairness of the Proposed Transaction to the shareholders of FRDY, RwE has considered, *inter alia*, the following:

1. All of the components of the Proposed Transaction.

2. The relative value of FDHI and FDI on a net asset basis. Income and market methods of assessments are not possible as supporting financial business model data is not available to a degree required. There is little evidence of goodwill and/or intangible value.

3. Other potential benefits that may be realized subsequent to the completion of the Proposed Transaction include focus by all of the Parties and simplification of the messaging of each business. RwE has considered such factors and perhaps other changes/reductions that are likely through the Proposed Transaction. RwE has not attributed any separate value related to these, but they are still relevant in why the Proposed Transaction is fair to the FRDY shareholders. RwE has not attempted to quantify other additional qualitative potential benefits. Certain additional potential benefits are as follows:

    i. The Proposed Transaction outlines each of the entities' business models better and more clearly. The Resulting Issuer can focus on potential new mining and/or resource projects, developments and undertakings. FDI can focus on the pet care products. Pursuing these markets and businesses separately is logical and likely less costly. The approach allows all Parties to operate within a more controlled commercial plan. This is logical and more prudent.

    ii. Raising capital for both Parties (which appears could occur in CY2024+) will be simpler as the corporate and business messaging for each is now more linear and definitive. Capital markets tend to like this type of corporate engineering.

    iii. The POA allows FRDY shareholders to retain their current ownership interest in FRDY and also allows them to receive FDI/Spinco shares directly based on their pro rata portion of FRDY shares held. This ism logical.

    iv. FRDY shareholders do not have to contribute any additional material equity capital to FDI. Hence, FRDY shareholders, through their ownership of FDI shares, can continue to participate in the possible opportunities associated with FDI's business plan, while retaining their ownership in FRDY.

    v. The Proposed Transaction does reduce the overhead and costs and ongoing liabilities of operating the FDI business and enables FDHI to preserve capital for other business opportunities in the resource and energy sector.

vi. Following the closing of the Proposed Transaction FDI will become a reporting issuer and FDHI shareholders will continue to benefit from public company oversight from the securities commissions.

vii. The Proposed Transaction does not disrupt or alter FDI's fundamental focus.

viii. The POA does enable the Parties to pursue their own specific business strategies without being subject to diverse financial or other constraints of the businesses of the other entity, while providing new and existing Resulting Issuer shareholders with a simpler investment strategy.

ix. Private placements remain difficult for small companies that have early-stage results. Capital markets terms/conditions, although improving, still do not appear as favorable as at the Valuation Date as they once did, making separating different business models and rationalizing business messages as very important and essential to do.

When one considers all of the above together, it is reasonable to conclude that the Proposed Transaction is fair, from a financial viewpoint to the shareholder of FRDY. Readers should refer to Schedule 3.1 for the Fairness Calculation.

11.0 QUALIFICATIONS AND CERTIFICATE

11.1 Qualifications

The Report preparation, and related fieldwork and due diligence investigations, were carried out by Richard W. Evans, MBA, CBV, ASA and other parties of RwE, who were fully supervised by Mr. Evans.

Since 1994 Richard W. Evans has been involved in the financial services and management consulting fields and has been involved in the preparation of over 4,000 technical and assessment reports, business plans, business valuations, and feasibility studies.

Richard Evans has more than thirty years of experience working in the areas of valuation, litigation support, mergers & acquisitions and capital formation.

He has more than ten years of management experience in the high-tech field where he held various positions in technical support, development, marketing, project manager, channels management and senior management positions.

Prior to focusing on expanding and diversifying a small financial consulting firm, Richard was extensively involved in the high technology sector in Western Canada and the U.S. Pacific Northwest where he served for two years as the General Manager of Sidus Systems

Inc. At Sidus he was directly responsible for managing the firm's US$15 million business operation throughout Western Canada and the Pacific Northwest.

Previous to this, he spent almost nine years with Digital Equipment of Canada Limited where he was involved in a technical support, sales, marketing, project management and eventually channels management capacity.

Mr. Evans has conducted numerous valuations and fairness opinions of more than 100 biotechnology and health sciences companies over the past many years in which his clients, their advisors, buyers, planners, accountants and the courts and regulatory bodies have been satisfied and relied on Mr. Evans as a qualified valuator.

Many of the reports he has authored have been used by various Canadian , U.S., European and Asian stock exchanges and regulatory bodies, the court systems in B.C., Alberta and Ontario as well as in the U.S. and Europe. He has also done work for public regulatory boards and groups worldwide involved in biotechnology, medical and health sciences.

Richard has been actively involved in the above professional services with hundreds of companies and has served as a board member for a select number of public and private firms. His area of professional expertise is in middle market and micro-cap companies, especially firms needing advice and assistance with their business plans, operating plans and valuations.

He has also undertaken work used on and relied upon by public companies and regulatory bodies in Canada, the United States, Europe and Asia.

Richard is extensively involved in sports coaching management and volunteer work throughout BC helping young adults and volunteer associations.

He obtained his Bachelor of Business Administration degree from Simon Fraser University, British Columbia in 1981 as well as completed his Master's degree in Business Administration at the University of Portland, Oregon in 1984 (where he graduated with honors). Richard holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser.

He is a member in good standing with both the Canadian Institute of Chartered Business and the American Society of Appraisers.

11.2 Certification and Independence

The analyses, opinions, calculations and conclusions were developed, and this Report has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators and follows standards.

RwE was paid a professional fee, plus GST taxes for the preparation of the Report. The professional fee established for the Report has not been contingent upon the value or other opinions presented.

The authors of the Report have no present or prospective interest in the Parties and/or any other entity / company / property that is the subject of this Report.

RwE and Richard W. Evans have no personal interest with respect to any of the Parties involved with any of the entities or properties described within this Report.

RwE and Richard Evans have relied on information and data provided to it by the Board.

It is understood that this Report is solely for the information of the Board and is rendered to the Board in connection with the Proposed Transaction and may not be used for any other purpose or relied upon by any other person without RwE's prior written consent.

RwE Growth Partners, Inc.

Richard W. Evans, MBA, CBV, ASA

Chartered Business Valuator – Canadian Institute of Chartered Business Valuators
Accredited Senior Appraiser – American Society of Appraiser

Telephone: (778) 374-1994

APPENDICES AND SCHEDULES

** All of the Appendices are available directly from FRDY **

Friday's Dog Holdings Inc.

Effective Date of Valuation: September 30, 2023

Balance Sheet — Schedule 1.1

as at September 30, 2023

Canadian dollars

		September 30, 2023 Mgt Compiled
ASSETS		
Current Assets		
Cash equivalents	$	5,325,203
Accounts receivable	$	136,054
Marketable securities	$	195
Deposits	$	-
Inventories	$	763,899
Prepaid expenses	$	64,931
Total Current Asset	$	6,290,282
Non-Current Assets		
Property & Equipment, net	$	16,441
Other	$	-
Total Other Assets	$	16,441
TOTAL ASSETS	$	6,306,723
LIABILITIES		
Current Liabilities		
Accounts payable	$	457,934
Accrued liabilities	$	-
Other payables	$	-
Taxes payable	$	-
Total Current Liabilities	$	457,934
Loong-tern Liabilities		
Shareholder loan	$	-
Other	$	-
Total Long Term Liabilities	$	-
TOTAL LIABILITIES	$	457,934
SHAREHOLDERS EQUITY		
Share Capital	$	33,123,636
Reserves	$	-
Deficit	$	(27,274,847)
Total	$	5,848,789
LIABILITIES AND EQUITY	$	6,306,723

Friday's Dog Holdings Inc. ("Resulting Issuer")
Effective Date of Valuation: September 30, 2023
Proforma Net Assets

Canadian dollars **Schedule 1.2**

as provided by FRDY Management

		Proforma Opening Balance Sheet of FDHI POST Proposed Transaction
ASSETS		
Current Assets		
Cash equivalents	$	5,275,203
Accounts receivable	$	-
Marketable securities	$	195
Deposits	$	-
Inventories	$	-
Prepaid expenses	$	64,931
Total Current Asset	$	5,340,329
Non-Current Assets		
Property & Equipment, net	$	-
Long-term investments	$	-
Total Other Assets	$	-
TOTAL ASSETS	$	5,340,329
LIABILITIES		
Current Liabilities		
Accounts payable	$	362,996
Accrued liabilities	$	-
Due to related party	$	-
Taxes payable	$	-
Total Current Liabilities	$	362,996
Loong-tern Liabilities		
Shareholder loan	$	-
Other	$	-
Total Long Term Liabilities	$	-
TOTAL LIABILITIES	$	362,996
Net Assets	**$**	**4,977,333**

Friday's Dog Inc. / Spinco

Effective Date of Valuation: September 30, 2023

Proforma Net Assets

Schedule 2.1

Canadian dollars

as provided by FRDY Management

		Proforma Opening
		Balance Sheet of FDI / Spinco
		POST Proposed Transaction
ASSETS		
Current Assets		
Cash equivalents	$	50,000
Accounts receivable	$	136,054
Marketable securities	$	-
Deposits	$	-
Inventories	$	763,899
Inventories adjustment	$	(97,697)
Prepaid expenses	$	-
Total Current Asset	$	852,256
Non-Current Assets		
Property & Equipment, net	$	16,441
Long-term investments	$	-
Total Other Assets	$	16,441
TOTAL ASSETS	$	868,697
LIABILITIES		
Current Liabilities		
Accounts payable	$	94,938
Accrued liabilities	$	-
Due to related party	$	-
Taxes payable	$	-
Total Current Liabilities	$	94,938
Loong-tern Liabilities		
Shareholder loan	$	-
Other	$	-
Total Long Term Liabilities	$	-
TOTAL LIABILITIES	$	94,938
Net Assets	**$**	**773,759**

Friday's Dog Holdings Inc. ("Resulting Issuer") Spinout of Certain Net Assets into Friday Dog Inc. ("Spinco") - Proposed Transaction

Fairness Calculation

Schedule 3.1

Stated External Financing	**$0**
Pricing of Financing - per FRDY Board	**n/a**

PRE Proposed Transaction Basis:	**Low**	**High**	
Friday's Dog Holdings Inc. Fair Market Value, say Excluding FDI's Net Assets	$ 4,977,000	$ 4,977,000	
Friday Dog, Inc. Fair Market Value, say Included within the FMV of FRDY	$ 774,000	$ 774,000	
FDHI's Fair Market Value	$ 5,751,000	$ 5,751,000	
Supporting Rationale:	Market Capitalization was $5.85m at 09/30/2023 Net Book Value was $5.8m at 09/30/2024		
FRDY shareholders % ownership of FDHI	100.0%	100.0%	
FMV Held by the FRDY Shareholders Overall	$ 5,751,000	$ 5,751,000	**A**

POST Proposed Transaction Basis:	**Low**	**High**	
Resulting Issuer's Fair Market Value (Excluding FDI), say	$ 4,977,000	$ 4,977,000	
FRDY shareholders % ownership of FDHI	100.0%	100.0%	
FMV Held in the Resulting Issuer by the FRDY Shareholders	$ 4,977,000	$ 4,977,000	
Friday Dog, Inc. Fair Market Value, say	$ 774,000	$ 774,000	
FRDY shareholders % ownership of FDI	100.0%	100.0%	
FMV Held in FDI/Spinco by the FRDY Shareholders	$ 774,000	$ 774,000	
FMV Held in the Resulting Issuer by the FRDY Shareholders	$ 4,977,000	$ 4,977,000	
FMV Held in FDI/Spinco by the FRDY Shareholders	$ 774,000	$ 774,000	
FRDY shareholders % ownership of the Resulting Issuer and FDI	100.0%	100.0%	
FMV Held by the FRDY Shareholders of the Resulting Issuer and FDI	$ 5,751,000	$ 5,751,000	**B**

Friday's Dog Holdings Inc.

		Value Held	
Pre-Proposed Transaction	**Fair Market Value of FRDY (including FDI) owned 100% by FRDY Shareholders - Pre-Proposed Transaction, say:**	**$ 5,751,000**	**(a)**
		Value Received	
Post-Proposed Transaction	**Fair Market Value Received by the FRDY shareholders owning 100% of the Resulting Issuer and FDI at the Closing of Proposed Transaction, say:**	**$ 5,751,000**	**(b)**

(b) is equal to or greater than (a) so the *Proposed Transaction is Fair to the FRDY Shareholders*

SCHEDULE "M"

INTERIM ORDER

No. S241577
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002 C. 57

IN THE MATTER OF A PROPOSED ARRANGEMENT PURSUANT TO S. 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, C. 57

FRIDAY'S DOG HOLDINGS INC.

PETITIONER

ORDER MADE AFTER APPLICATION (INTERIM ORDER)

BEFORE	Associate Judge Harper	March 11, 2024

ON THE APPLICATION of the petitioner, Friday's Dog Holdings Inc., without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on Monday, March 11, 2024 and on hearing Shaun Driver, counsel to the petitioner, and on reading the affidavit of Ryan Cheung made March 7, 2024;

THIS COURT ORDERS that:

1. Friday's Dog Holdings Inc. ("**FDHI**") is authorized and directed to call, hold and conduct a special meeting (the "**Meeting**") of the holders of common shares (the "**Shareholders**") of FDHI (each, a "**FDHI Share**") to be held at 11 a.m. (Vancouver Time) on Friday, April 12, 2024 at 700-595 Burrard Street, Vancouver, BC, V7X 1S8 or such other location to be determined by FDHI.

2. At the Meeting, Shareholders will, *inter alia*, consider, and if deemed advisable, approve, with or without variation, a special resolution (the "**Arrangement Resolution**") adopting, with or without amendment, the proposed plan of arrangement (the "**Arrangement**"),

copies of which are attached as Schedules "A" and "B" to the Information Circular which is attached as Exhibit "B" to the Affidavit #1 of Ryan Cheung March 7, 2024 (the "**Affidavit**") and filed herein (the "**Information Circular**").

3. The Meeting will be called, held and conducted in accordance with the Notice of Special Meeting, and Information Circular and form of proxy (together, the "**Meeting Materials**") to be delivered to the Shareholders in substantially the form attached as Exhibit "B" to the Affidavit, and in accordance with applicable provisions of the *Business Corporations Act*, S.B.C. 2002, c. 57 ("**BCBCA**"), the Articles of FDHI, the Securities Act (British Columbia), R.S.B.C. 1996, c. 418, as amended (the "**Securities Act**"), related rules and policies, the terms of this Order (the "**Interim Order**") and any further Order of this Court, the rulings and directions of the Chairman of the Meeting, and, to the extent of any inconsistency or discrepancy between the Interim Order and the terms of any of the foregoing, the Interim Order will govern.

4. The record date for determination of the Shareholders entitled to receive the Meeting Materials was the close of business (Vancouver time) on March 7, 2024 (the "**Record Date**") and as disclosed in the Meeting Materials.

Notice of Meeting

5. FDHI will mail or deliver to the Shareholders in paper or electronic format or any combination of those, the Meeting Materials with such amendments as counsel for FDHI may advise are necessary or desirable, provided they are not inconsistent with the terms of the Interim Order in this proceeding. FDHI will mail or deliver the Meeting Materials to the Shareholders at least 21 days before the date of the Meeting, excluding the dates of mailing or delivery and the Meeting, in accordance with the BCBCA and National Instrument 54-101 of the Canadian Securities Administrators – Communication with Beneficial Owners of Securities of a Reporting Issuer. Distribution to Shareholders shall be to their addresses as they appear on the books and records of FDHI as of the Record Date, or such later date as FDHI may determine in accordance with the BCBCA. That mailing or delivery will be valid and timely notice of the Meeting by FDHI to Shareholders.

6. The Record Date for Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

7. The accidental failure or omission by FDHI to give notice of the Meeting or the Petition to any person in accordance with this Interim Order, as a result of mistake or of events beyond the reasonable control of FDHI (including, without limitation, any inability to utilize postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such accidental failure or omission is brought to the attention of FDHI, then it shall use its commercially reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances. Such rectified notice shall be deemed to be good and sufficient notice of the Meeting and/or the Petition, as the case may be.

8. FDHI is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials (collectively "**Additional Information**") in accordance with the terms of the Arrangement, as FDHI may determine to be necessary or desirable and notice of such Additional Information may be communicated to Shareholders by news release, newspaper advertisement or one of the methods by which the Meeting Materials will be distributed.

9. The mailing or delivery of the Meeting Materials will be valid and timely service of the Petition and the Affidavit on, and notice of hearing of the Petition to, all Shareholders entitled to be served or receive notice. No other form of service or notice need be made or given. No other material need be served on Shareholders in respect of this proceeding.

Voting

10. The persons entitled to attend the Meeting will be Shareholders of record as of the close of business (Vancouver time) on the Record Date, their respective proxies, the officers, directors and advisors of FDHI and such other persons who receive the consent of the Chairman of the Meeting to attend.

11. The only persons permitted to vote at the Meeting will be the registered Shareholders as of the close of business (Vancouver time) on the Record Date or their valid proxy holders as described in the Information Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to FDHI.

12. A quorum for the Meeting will be the quorum required by the Articles of FDHI.

13. The Arrangement Resolution approving the Arrangement as set forth in the Plan of Arrangement will be effective if passed by not less than 66 2/3% of the votes cast by the Shareholders of record as of the close of business on the Record Date, either present, by telephone, in person or by proxy at the Meeting.

14. In all other respects, the terms, restrictions and conditions of FDHI 's constating documents, including quorum requirements, apply in respect of the Meeting.

15. For the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

16. Notwithstanding any provision of the BCBCA or the Articles of FDHI, FDHI may adjourn or postpone the Meeting from time to time without the need for the approval of this Court, and without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement of the Meeting shall be given by press release, by newspaper advertisement, by email or by mail, as determined by FDHI to be the most appropriate method of communication.

17. At any subsequent reconvening of the Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of the Meeting.

18. FDHI may make, subject to the terms of the Arrangement Agreement, such amendments, modifications or supplements to the Plan of Arrangement at any time and from time to time prior to the Meeting. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and approval by this Court at the final hearing for the approval of the Arrangement and, if the Court directs, approved by and communicated to the Shareholders, unless the amendments, modifications or supplements concern a matter which, in the reasonable opinion of FDHI, is of an administrative nature

required to better give effect to the implementation of the Arrangement and is not materially adverse to the financial or economic interests of any Shareholder.

19. A representative of FDHI's registrar and transfer agent (or any agent thereof) (the "**Scrutineer**") will be authorized to act as scrutineer for the Meeting.

20. FDHI is authorized to permit the Shareholders to vote by proxy using the form of proxy, in substantially the same form as attached as Exhibit "B" to the Affidavit. FDHI is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communications as it may determine.

21. FDHI may in its discretion waive the time limits for deposit of proxies by Shareholders if FDHI deems it reasonable to do so.

Final Approval

22. FDHI will include in the Meeting Materials a copy of the Interim Order and will make available to any Shareholder requesting same, a copy of the Petition herein and the accompanying Affidavit (collectively, the "**Court Materials**"). The service of the Petition and Affidavit in support of the within proceedings to any Shareholder requesting same is hereby dispensed with.

23. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

24. Upon the approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, FDHI may apply for an order of this Honourable Court approving the Plan of Arrangement (the "**Final Order**") and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British

Columbia at 9:45 a.m. on Thursday, April 18, 2024 or such later date as counsel for FDHI may be heard.

25. The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.

Response to Petition

26. Any Shareholder may appear on the application for approval of the proposed Arrangement by this Court, provided they file with this Court and deliver to the solicitors for District Mines by 4:00 p.m. (Vancouver time) on Tuesday, April 16, 2024, a Response to Petition setting out their address for service, and all evidence they intend to present to this Court.

27. If the application for approval of the proposed Arrangement is adjourned, only those persons who have filed and delivered a Response to Petition, in accordance with paragraph 32 above, need to be notified of the adjourned date.

Precedence

28. To the extent of any inconsistency between this Order and the Articles of FDHI, the Information Circular, the BCBCA or applicable securities law, this Order shall govern.

Variance

29. FDHI is at liberty to apply to Court to vary the Interim Order.

30. Rules 8-1, 8-2, 16-1 and Part 4 of the Supreme Court Civil Rules will not apply to any further applications in respect of this proceeding, including the application for approval of the proposed Arrangement application and any application to vary the Interim Order.

31. This Court shall seek and request the aid and recognition of any court or judicial, regulatory or administrative body in any Province of Canada, and judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or legislature of any Province, and any court or judicial, regulatory, or administrative body of the United States or any other country, to act in aid of, and to assist this Honourable Court in carrying out, the terms of this Interim Order.

32. This Honourable Court having been informed that if granted, FDHI intend to rely upon the Final Order as the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to section 3(a)(10) thereof, with respect to the issuance of the FDI Shares (as defined in the Information Circular) to Shareholders pursuant to the Arrangement.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Shaun C. Driver
Signature of the Lawyer for the Petitioner

BY THE COURT

Registrar

CHECKED

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002 C. 57

IN THE MATTER OF A PROPOSED ARRANGEMENT PURSUANT TO S. 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, C. 57

FRIDAY'S DOG HOLDINGS INC.
PETITIONER

ORDER MADE AFTER APPLICATION

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File #94344.4