

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

NOVATION HOLDINGS, INC

12 Park Mirage Lane
Rancho Mirage, CA 92270
1 (403) 988-2005
mgelmon@telusplanet.net
8200

Quarterly Report
For the Period Ending: February 28, 2022
(the "Reporting Period")

As of February 28, 2022, the number of shares outstanding of our Common Stock was:

13,754,766,540

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☒ No: ☐

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

NOVATION HOLDINGS, INC.

Formerly=Dragon Life Science Holdings, Inc. until 08-2021

Formerly=Novation Holdings, Inc. until 08-2017

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Formerly=Allezoe Medical Holdings, Inc. until 11-2012

Formerly=Stanford Management, Ltd. until 2-2011

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company was organized originally under the laws of the State of Delaware as Stanford Management Ltd., on September 24, 1998, and, effective on October 25, 2012, transferred our place of incorporation from Delaware to Florida and changed our corporate name to Novation Holdings, Inc.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

12 Park Mirage Lane
Rancho Mirage, CA 92270

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol: NOHO
Exact title and class of securities outstanding: Common
CUSIP: 66989U 10 9
Par or stated value: .001

Total shares authorized: 35,000,000,000 as of date: February 28, 2022
Total shares outstanding: 13,754,766,540 as of date: February 28, 2022
Number of shares in the Public Float²: 10,287,442,916 as of date: February 28, 2022
Total number of shareholders of record: 72 as of date: February 28, 2022

All additional class(es) of publicly traded securities (if any):

Trading symbol: _____
Exact title and class of securities outstanding: Preferred
CUSIP: _____
Par or stated value: .001
Total shares authorized: 5,000,000 as of date: February 28, 2022
Total shares outstanding: 1,000,000 as of date: February 28, 2022

Transfer Agent

Name: Pacific Stock Transfer Company
Phone: (702) 361-3033
Email: Paul Bednar <paul@pacificstocktransfer.com>
Address: 6725 Via Austi Pkwy, Suite 300
Las Vegas, NV 89119

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date <u>08.31.17</u> Common: <u>8,474,145,740</u> Preferred: <u>1,000,000</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>11.09.17</u>	<u>New</u>	<u>100,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>TBCF Partners LLC</u> Caragol, William	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>03.02.21</u>	<u>New</u>	<u>500,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>04.14.21</u>	<u>New</u>	<u>900,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>08.16.23</u>	<u>New</u>	<u>900,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>09.03.21</u>	<u>New</u>	<u>500,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	Luis Rodriguez Agent for Yaoliu Health Technology Shenzhen Co. LTD	Settlement and Release Agreement / Cancellation of Series A Preferred	<u>Restricted</u>	<u>144</u>
<u>09.10.21</u>	<u>New</u>	<u>980,620,800</u>	<u>Common</u>	<u>.0005</u>	<u>yes</u>	<u>Solar Advisors Limited</u> <u>Andrew Byers</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>10.11.2021</u>	<u>New</u>	<u>900,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>144</u>
<u>01.25.2022</u>	<u>New</u>	<u>500,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Alejandro Perez</u>	<u>Acquisition CraftClouds, LLC</u>	<u>Restricted</u>	<u>144</u>

Shares Outstanding on Date of This Report:	
<u>Ending Balance</u> <u>Ending</u>	
<u>Balance:</u>	
Date <u>02/28/2022</u> Common: 13,754,766,540	
Preferred: 1,000,000	

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
<u>08.01.14</u>	<u>135,087.15</u>	<u>135,087.15</u>	<u>78,402</u>	<u>08.01.15</u>	<u>50% of the lowest closing bid price for the previous twenty (20) consecutive trading days.</u>	<u>Michael Gelmon</u>	<u>Loan</u>
<u>03.01.16</u>	<u>14,000</u>	<u>147,500</u>	<u>77,466</u>	<u>03.01.17</u>	<u>Lowest of a) 50% of 20 day lowest trading price or b) in the event the stock price trades at or below \$.0001, conversion price is fixed at \$.00005 per share of Common Stock.</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Loan</u>
<u>03.01.17</u>	<u>147,500</u>	<u>147,500</u>	<u>62,716</u>	<u>03.01.18</u>	<u>Lowest of a) 50% of 20 day lowest trading price or b) in the event the stock price trades at or below \$.0001, conversion price is fixed at \$.00005 per share of Common Stock.</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Loan</u>

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Caren Currier
Title: Consultant
Relationship to Issuer: Consultant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Novation Holdings, Inc., a Florida corporation ("Novation", or the "Company") is a multi-strategy holding company focused on identifying, developing, acquiring, and bringing to market technologies and solutions across all market sectors. The Company currently owns and operates its wholly owned subsidiary, CraftClouds, LLC, a next-gen non-fungible token ("NFT") platform and ecosystem ("CraftClouds"), which it acquired through a share exchange agreement on January 25, 2022.

B. Please list any subsidiaries, parents, or affiliated companies.

CraftClouds, LLC

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

C. Describe the issuers' principal products or services.

The Company currently owns and operates its wholly owned subsidiary, CraftClouds, LLC, a next-gen non-fungible token ("NFT") platform and ecosystem, which it acquired through a share exchange agreement on January 25, 2022.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

None

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Michael Gelmon</u>	<u>President, CEO & Sole Director</u>	<u>CALGARY AB T3Z 1B1</u> <u>CANADA</u>	111,112	<u>Common</u>	<u>.001%</u>	<u>None</u>
<u>Michael Gelmon</u>	<u>More than 5%</u>	<u>CALGARY AB T3Z 1B1</u> <u>CANADA</u>	<u>1,000,000</u>	<u>Series B Preferred</u>	<u>100%</u>	The Series B Preferred shares carry voting power equal to 51 percent of the total voting power of all classes of stock.

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Brett Verona
Firm: The Verona Firm, PLLC
Address 1: PO Box 18191
Address 2: Tampa, FL 33679
Phone: (813) 258-0852
Email: Brett@TheVeronaFirm.com

Accountant or Auditor

Name: Andy Wang
Firm: TAAD LLP

Address 1: 20955 Pathfinder Road, Suite 100
Address 2: Diamond Bar, CA 91765
Phone: (714) 803-0303
Email: andy@taadllp.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Michael Gelmon certify that:

1. I have reviewed this Quarterly Disclosure Statement of NOVATION HOLDINGS, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 22, 2022

/s/Michael Gelmon

Principal Financial Officer:

I, Michael Gelmon certify that:

1. I have reviewed this Quarterly Disclosure Statement of NOVATION HOLDINGS, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 22, 2022

/s/Michael Gelmon

NOVATION HOLDINGS, INC.
Balance Sheet

	February 28 2022 (Unaudited)	August 31, 2021
ASSETS		
Cash and Cash Equivalents	<u>24,816</u>	
TOTAL CURRENT ASSETS	\$ 24,816	\$ 0
OTHER ASSETS		
Goodwill	250,000	-
TOTAL OTHER ASSETS	\$ 250,000	\$ -
TOTAL ASSETS	\$ 274,816	\$ -
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 12,701
Accrued Interest Payable	221,914	474,810
Accrued Compensation – Related Parties	260,000	200,000
Advances from Related Parties	9,000	11,959
Derivative Liabilities (Net of Discounts)	1,988,061	7,286,001
Loans Payable from Related Parties	135,087	135,087
Common Stock Payable	-	49,031
Convertible notes payable	234,100	161,500
TOTAL CURRENT LIABILITIES	2,848,162	8,331,089
TOTAL LIABILITIES	\$ 2,848,162	\$ 8,331,089
STOCKHOLDERS' DEFICIT		
Preferred stock, (par value \$0.001, 10,000,000 shares authorized, of which 1,000,000 and 1,000,000 shares issued and outstanding as of February 28, 2022 and August 31, 2021, respectively)	1,000	\$ 1,000
Common stock (par value \$0.001, 35,000,000,000 shares authorized, of which 13,754,766,540 and 10,874,145,740 shares issued and outstanding as of February 28, 2022 and August 31, 2021, respectively)	13,304,767	10,874,146
Additional paid in capital	6,047,073	3,683,517
Accumulated deficit	(21,926,186)	(22,889,752)
TOTAL STOCKHOLDERS' DEFICIT	\$ (2,573,346)	\$ (8,331,089)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 274,816	\$ 0

NOVATION HOLDINGS, INC.
Statements of Operations

	For the Three Months Ended February 28, 2022	For the Three Months Ended February 28, 2021	For the Six Months Ended February 28, 2022	For the Six Months Ended February 28, 2021
Operating Expenses				
General and administrative expenses \$	52,934	\$ 357	644,125	714
Total operating expenses	<u>52,934</u>	<u>357</u>	<u>644,125</u>	<u>714</u>
Net Operating (Loss)	(52,934)	(357)	(644,15)	(714)
Other Expenses				
Change in Fair Value of Derivative Liabilities	(5,431,481)	10,937,159	(5,625,083)	11,027,077
Interest Expense	<u>220,364</u>	<u>11,360</u>	<u>1,413,805</u>	<u>22,881</u>
Total Other Expenses \$	5,211,117	\$ (10,948,519)	4,211,278	(11,049,958)
Net (Loss)	5,158,183	(10,948,876)	3,567,153	(11,050,672)
Basic and diluted income (loss) per share \$	(0.00)	\$ (0.00)	(0.00)	\$
Weighted average number of shares outstanding				
Basic and diluted	13,754,766,540	8,574,145,740	13,754,766,540	8,574,145,740

NOVATION HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For period ending February 28, 2022

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Novation Holdings, Inc., formerly Allezoe Medical Holdings, Inc., and formerly Stanford Management, Ltd., was incorporated under the laws of the State of Delaware on September 24, 2008. Effective October 25, 2012, the Company amended its Articles of Incorporation to change its name to Novation Holdings, Inc and changed its place of incorporation from Delaware to Florida. The Company was originally organized for the purpose of acquiring and developing mineral properties. On February 18, 2011, all of the mineral properties and related development and exploration activities were disposed of as part of a series of transactions resulting in the Company moving into the medical technology industry.

On February 18, 2011, the Company acquired all the outstanding shares of Organ Transport Systems, Inc. (“OTS”), a Nevada corporation, and simultaneously disposed of the assets relating to its former activities in mining exploration, along with all related liabilities. Consequently, OTS was considered to be the surviving entity with the Company intending to include only the financial results of OTS in its financial statements. Effective March 19, 2012 the Company agreed to rescind the acquisition of Organ Transport Systems, Inc. The net effect of the rescission transaction was to remove OTS as a subsidiary of the Company. Since this time, the Company was a public shell company seeking to create value for its shareholders by merging with another entity with experienced management and opportunities for growth. On January 25, 2022, the Company acquired CraftClouds, a next-gen non-fungible token (“NFT”) platform and ecosystem, whereby it acquired 100% of the outstanding membership interests in CraftClouds in exchange for 500,000,000 shares of the Company’s common stock.

Risks and Uncertainties

The Company operates in an industry that is subject to rapid technological change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks associated with a development stage company, including the potential risk of business failure.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A significant estimate as of November 30, 2021 included a 100% valuation allowance for deferred tax assets arising from net operating losses incurred since inception and also calculations of derivative liability.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ materially from estimates.

Cash and Cash Equivalents - The Company considers all highly liquid instruments with original maturities of three months or less when acquired, to be cash equivalents. The Company had no cash equivalents at August 31, 2021 and February 28, 2022.

Income Taxes – The Company complies with the accounting and reporting requirements of US GAAP in accounting for income taxes. The Company uses the asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

The Company also complies with US GAAP in accounting for uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is “more likely than not” that the position is sustainable based on its technical merits. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of November 30, 2021. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going

analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognized as of and for the six months ended February 28, 2022 and 2021.

Net Loss Per Share – The Company complies with the accounting and reporting requirements of US GAAP in reporting its earnings per share. Net loss per share is computed based on the weighted average number of common shares outstanding.

Basic (loss) per share excludes dilution and is computed by dividing (loss) available to common stockholders by the weighted average common shares outstanding for the year. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. For the six months ended February 28, 2022 and 2021 there were no options, warrants or derivative securities outstanding. Therefore, basic and diluted loss per share were the same for the six months ended February 28, 2022.

Fair Value of Financial Instruments - The fair value of the Company's assets and liabilities, which qualify as financial instruments under US GAAP, approximate the carrying amounts presented in the consolidated balance sheets.

Use of Estimates and Assumptions - The preparation of financial statements in accordance with US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results can, and in many cases will, differ from those estimates.

Fair value of financial instruments - The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB Accounting Standards Codification No. 820, Fair Value Measurement ("ASC 820"), which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, inventories, prepayment and deposits, accounts payable, accrued liabilities, accrued interest payable, accrued compensation, convertible note payable, loans payable, derivative liabilities and billing in excess of costs and estimated earnings.

The carrying values of the Company's accounts payable, accrued liabilities, accrued interest payable, accrued compensation, convertible note payable, short-term loans payable, derivative liabilities and billing in excess of costs and estimated earnings approximate their fair value due to their short-term nature.

Convertible notes payable - The Company accounts for convertible notes payable in accordance with the FASB Accounting Standards Codification No. 815, Derivatives and Hedging, since the conversion feature is not indexed to the Company's stock and can't be classified in equity. The Company allocates the proceeds received from convertible notes payable between the liability component and conversion feature component. The conversion feature that is considered embedded derivative liabilities has been recorded at their fair value as its fair value can be separated from the convertible note and its conversion is independent of the underlying note value. The Company has also recorded the resulting discount on debt related to the conversion feature and is amortizing the discount using the effective interest rate method over the life of the debt instruments.

Going Concern – These financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. As reflected in the accompanying financials, the Company had a Net Income of \$3,567,153 and an accumulated deficit of \$21,926,186 for

the six months ended February 28, 2022. Although management believes that it will be able to successfully execute a Business Combination, which includes third party financing and the raising of capital to meet the Company's future liquidity needs, there can be no assurances in this regard. These matters raise substantial doubt about the Company's ability to continue as a going concern.

Recently Issued Accounting Pronouncements - From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the effect of recently issued standards that are not yet effective will not have a material effect on its consolidated financial position or results of operations upon adoption.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820)." This standard modifies disclosure requirements related to fair value measurement and is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after August 15, 2019. Early adoption is permitted. Implementation on a prospective or retrospective basis varies by specific disclosure requirement. The standard also allows for early adoption of any removed or modified disclosures upon issuance while delaying adoption of the additional disclosures until their effective date. The Company adopted ASU No. 2018-13 effective on January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In August 2019, the FASB issued ASU No. 2019-12, "Simplifying the Accounting for Income Taxes (Topic 740)". This standard simplifies the accounting for income taxes. This standard is effective for fiscal years beginning after August 15, 2020, including interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU is part of the FASB's simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU's amendments are effective for fiscal years beginning after August 15, 2023, and interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on its financial statements.

NOTE 3 – ACCOUNTS PAYABLE

On October 18, 2021, the Company settled with its transfer agent and received an accounts payable forgiveness in the amount of \$4,558, which represented accrued monthly maintenance expenses, interest and annual administration fees. The Company had \$0 accounts payable as of February 28, 2021.

NOTE 4 – NOTES PAYABLE

On March 1, 2016, the Company issued a promissory note in the amount of \$147,500 to Sojourn Investments, L.P. for consulting services. The note was due on March 1, 2017 and carries interest at 10% per annum. The note is convertible into common stock of the Company at the lowest of a) 50% of the 20-day lowest trading price or, b) in the event the stock price trades at or below \$.0001, at a fixed price of \$.00005 per share. The note had a balance of \$14,000 as of February 28, 2022.

On March 1, 2017, the Company issued a promissory note in the amount of \$147,500 to Sojourn Investments, L.P. for consulting services. The note was due on March 1, 2017 and carries interest at 10% per annum. The note is convertible into common stock of the Company at the lowest of a) 50% of the 20-day lowest trading price or, b) in the event the stock price trades at or below \$.0001, at a fixed price of \$.00005 per share. The note had a balance of \$147,500 as of February 28, 2022.

On September 21, 2021, the Company issued a promissory note in the principal amount of \$18,000 to Sojourn Investments, L.P. which comprised of \$12,000 in cash and an original issue discount of \$6,000. The note is due on March 21, 2022 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$.0001 per share. The note had a balance of \$18,000 as of February 28, 2022.

On October 18, 2021, the Company issued a promissory note in the principal amount of \$18,500 to Sojourn Investments, L.P. which comprised of \$12,500 in cash and an original issue discount of \$6,000. The note is due on April 18, 2022 and carries interest at 10% per

annum. The note is convertible into common stock of the Company at a fixed price of \$.0001 per share. The note had a balance of \$18,000 as of February 28, 2022.

On February 4, 2022, the Company issued a promissory note in the principal amount of \$50,000 to Valerian Capital, LLC in exchange for \$50,000 in cash. The note is due on February 4, 2023 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$.0001 per share. The note had a balance of \$50,000 as of February 28, 2022.

NOTE 5 – LOANS FROM RELATED PARTIES

On August 1, 2014, the Company issued a convertible promissory note in the amount of \$135,087 to Michael Gelmon, its CEO, in conversion of accrued consulting fees due. The note was due on August 1, 2016 and carries interest at 8% per annum. The Note converts into shares of the Company's common stock at a fixed conversion price of \$0.0005 per share provided that the Holder shall not convert into any amount exceeding 9.99% of the then issued and outstanding shares of the Company. This note is fully outstanding as of February 28, 2022.

The Company's President and CEO provided a number of cash advances in order to pay Company related operating expenses. The advances were provided to the Company with no interest, no set maturity date, and is to be repaid as such time the Company has the capital resources to repay the advances. The total amount of advances owed to Mr. Gelmon was \$9,000 as of February 28, 2022.

NOTE 6 – CAPITAL STOCK

The Company is authorized to issue 35,000,000,000 shares of Common stock, \$.001 par value, with such designations, rights and preferences as may be determined from time to time by the Board of Directors. At February 28, 2022, there were 13,754,766,540 shares issued and outstanding.

Preferred stock

The Company is authorized to issue 10,000,000 shares of preferred stock, \$.001 par value, with such designations, rights and preferences as may be determined from time to time by the Board of Directors, of which 1,000,000 shares are designated Series A Convertible Preferred and 1,000,000 shares are designated Series B Convertible Preferred

On November 7th, 2011, the Company designated the Series A Convertible Preferred so the shares of the Series A Convertible Preferred Stock entitle the holders thereof to vote, on any matter submitted to a vote of the stockholders of the Company, with the holders of the Common Stock of the Company, provided that the holders of the Series A Convertible Preferred Stock, as a class, are entitled collectively to 51% of the total voting stock of the Company, Common or Preferred, on any matter on which the shareholders of the Company are entitled to vote. At February 28, 2022, there were 0 shares issued and outstanding.

On September 27, 2021, the Company's board of directors designated 1,000,000 preferred shares as Series B Preferred Stock, par value \$.001 per share (the "Series B Shares"). The Series B Shares are convertible at the option of the holder into fifty-one (51) percent of the resulting Common Shares thereafter and provide the holder with voting rights equal to 51% of the total voting stock of the Company.

On September 27, 2021, the Company issued all 1,000,000 of the Series B Shares to Michael Gelmon, the Company's President and CEO, as compensation for his services performed for the Company from January 1, 2017 through December 31, 2019.

NOTE 7 – UNCERTAINTIES

In the ordinary course of business, the Company may become a party to lawsuits involving various matters. The impact and outcome of litigation, if any, is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business. The Company believes the ultimate resolution of any such current proceeding will not have a material adverse effect on our continued financial position, results of operations or cash flows.