MINEHUB TECHNOLOGIES INC.

Consolidated Financial Statements

For the Years Ended January 31, 2023 and 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Minehub Technologies Inc.

Opinion

We have audited the consolidated financial statements of Minehub Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Barry Hartley.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 31, 2023

MINEHUB TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	January 31, 2023	January 31, 2022
Assets			
Current assets			
Cash		$ 1,153,102	$ 2,940,996
Receivables	4	281,326	191,135
Prepaid expenses	8	147,010	682,933
Total assets		**$ 1,581,438**	**$ 3,815,064**
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	5,10	$ 633,884	$ 658,527
Convertible notes	7	842,348	1,245,787
Deferred revenue	11	155,488	-
Total liabilities		1,631,720	1,904,314
Shareholders' equity			
Share capital	8	22,901,097	17,228,945
Equity component of convertible debt reserve	8,9	88,029	104,334
Equity compensation reserve	8,9	2,349,144	1,962,707
Deficit		(25,388,552)	(17,385,236)
Total shareholders' equity		(50,282)	1,910,750
Total liabilities and shareholders' equity (deficit)		**$ 1,581,438**	**$ 3,815,064**

Nature of and continuance of operations (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board:

" Vince Sorace "
Vince Sorace, Director

" Joseph Nakhla "
Joseph Nakhla, Director

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

MINEHUB TECHNOLOGIES INC.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Year Ended January 31, 2023	Year Ended January 31, 2022
Revenue		$ 186,784	$ -
Expenses			
Administrative services	10	203,232	64,500
Consulting	8	1,566,350	1,495,364
Finance expense	8	178,697	473,215
Interest expense and accretion	6,7	88,626	275,777
Development costs	3	1,737,331	3,638,697
Management fees	10	532,430	704,912
Marketing		369,070	419,105
Office and miscellaneous		1,987,714	525,521
Payroll expenses	10	949,296	484,129
Professional fees		256,126	500,878
Regulatory fees		74,300	121,096
Stock-based compensation	8,10	622,432	903,644
Travel		142,798	7,861
		(8,708,402)	(9,614,699)
Other income (expenses)			
Loss on debt settlement	6	-	(14,300)
Gain on debt modification	7	52,911	-
Foreign exchange loss		(60,949)	(18,562)
		(8,038)	(32,862)
Net and comprehensive loss		$ (8,529,656)	$ (9,647,561)
Loss per share – basic and diluted		$ (0.13)	$ (0.18)
Weighted Average Number of Shares Outstanding – basic and diluted		66,761,958	53,461,536

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

MINEHUB TECHNOLOGIES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Notes	Share Capital Number of Shares	Share Capital Amount	Equity Compensation Reserve	Equity Component of Convertible Debt Reserve	Deficit	Total Shareholders' Equity (Deficit)
Balance, January 31, 2021		45,037,270	$ 5,232,840	$ 424,506	$ 131,507	$ (7,737,675)	$ (1,948,822)
Shares issued for cash, net of share issue cost	8	15,299,350	11,517,971	303,543	-	-	11,821,514
Shares issued as finders' fee	8	50,000	-	-	-	-	-
Cancellation of founders' shares and issued for prepaid services	8	(692,000)	(96,050)	-	-	-	(96,050)
Shares issued for services	8	431,000	253,000	-	-	-	253,000
Repayment of convertible debt	7,8	286,600	143,739	-	(27,173)	-	116,565
Compensation warrants	8	-	-	425,311	-	-	425,311
Warrant exercise	8	162,523	125,023	-	-	-	125,023
Fair value reallocation on warrant exercise	8	-	38,301	(38,301)	-	-	-
Stock option exercise	8	28,750	8,125	-	-	-	8,125
Fair value reallocation on stock option exercise	8	-	5,996	(5,996)	-	-	-
Stock-based compensation	8,10	-	-	853,644	-	-	853,644
Net and comprehensive loss for the year		-	-	-	-	(9,647,561)	(9,647,561)
Balance, January 31, 2022		60,603,493	17,228,945	1,962,707	104,334	(17,385,236)	1,910,750
Shares issued for cash, net of share issue cost	8	16,100,000	5,201,343	253,144	-	-	5,454,487
Repayment and conversion of convertible debt	7,8	810,000	406,809	-	(16,305)	-	390,504
Compensation warrants	8	-	-	37,201	-	-	37,201
Warrant exercise	8	100,000	64,000	-	-	-	64,000
Fair value reclass of expired compensation warrants	8	-	-	(370,569)	-	370,569	-
Options cancelled	8	-	-	(155,771)	-	155,771	-
Stock-based compensation	8,10	-	-	622,432	-	-	622,432
Net and comprehensive loss for the year		-	-	-	-	(8,529,656)	(8,529,656)
Balance, January 31, 2023		77,613,493	$ 22,901,097	$ 2,349,144	$ 88,029	$ (25,388,552)	$ (50,282)

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

MINEHUB TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended January 31, 2023	Year Ended January 31, 2022
Cash provided by (used in):		
Operating activities		
Net loss	$ (8,529,656)	$ (9,647,561)
Item not effecting cash:		
Interest expense and accretion	88,623	275,771
Shares for services	-	253,000
Compensation warrants	37,201	425,311
Stock-based compensation	622,432	903,644
Gain on debt remeasurement	(52,911)	-
Loss on debt settlement	-	14,300
Changes in non-cash working capital items:		
Receivables	(90,191)	(65,217)
Prepaid expenses	535,923	(515,933)
Accounts payable and accrued liabilities	(24,643)	(231,398)
Deferred revenue	155,488	-
Net cash used in operating activities	(7,257,734)	(8,588,083)
Financing activities		
Proceeds from issuance of shares, net of issue costs	5,454,487	11,771,464
Loan repayment	(48,647)	(831,712)
Proceeds from stock option and warrant exercises	64,000	133,148
Net cash provided by financing activities	5,469,840	11,072,900
Decrease in cash	(1,787,894)	2,484,817
Cash, beginning	2,940,996	456,179
Cash, ending	$ 1,153,102	$ 2,940,996
Non-cash transactions:		
Shares issued for repayment of convertible debt	$ 406,809	$ 138,305

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

1. Nature and continuance of operations

MineHub Technologies Inc. (the "Company") was incorporated in the province of British Columbia on February 19, 2018. The Company is engaged in the development and operation of a block-chain technology platform for the mining industry. The Company's registered and records office is 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5. The Company's head office is located at 717-1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. On September 7, 2021, the Company's common shares began trading on the TSX Venture Exchange ("TSX-V") under the ticker MHUB and on the OTCQB under the ticker MHUBF.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at January 31, 2023, the Company has generated minimal revenues and has incurred losses since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

These consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2023.

2. Significant accounting policies

(a) Statement of compliance to International Financial Reporting Standards

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

(b) Basis of preparation

The consolidated financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted.

(c) Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

(d) Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to

2. Significant accounting policies (Continued)

(d) Significant judgments (Continued)

make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments, estimates and assumptions applying to the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Whether the expenditures incurred on the development of the Company's platform meets the criteria for recognition as an intangible asset pursuant to IAS 38 *Intangible Assets*. The Company has determined that to date the Company's platform under development does not meet the capitalization criteria. Consequently, the expenditures incurred that are directly attributable to its development have been expensed.
- The Company uses the Black-Scholes Option Pricing Model for valuation of stock-based compensation. Option pricing models require the input of subjective estimates and assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input estimates and assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- The Company uses significant judgment to assess whether services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. Non-distinct services are combined with other goods or services to form a single performance obligation. The Company also applies significant judgment to determine the estimated hours to completion which affects the timing of revenue recognized for services. Estimated hours to completion are continually and routinely revised based on changes in the progress of customer contracts.

(e) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Minehub (USA) Inc., Yitong Digital Trade (Shanghai) Network Technology Development Co. Ltd. ("MineHub Technologies China"), MineHub Technologies Singapore Pte Ltd, and Minehub Technologies Netherlands B.V. All inter-company balances and transactions have been eliminated upon consolidation.

(f) Cash

Cash includes cash on hand and deposits held at call with banks.

(g) Intangible assets

Intangible assets acquired from third parties are measured initially at their fair value and either classified as indefinite life or finite life depending on their characteristics. Internally generated intangible assets, such as development costs, are capitalized only when the product is technically and commercially feasible, the costs of generating the asset can be reliably measured, and there is an adequate plan to complete the project. Where these criteria are not met, these costs are expensed as development costs. Revenues associated with testing products under development is recorded as a reduction of development costs. Intangible assets with indefinite lives are tested for impairment at least annually and intangible assets with finite lives are reviewed for indicators of impairment at least annually.

(h) Foreign currency translation

Functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's and subsidiaries' functional and presentation currency.

2. Significant accounting policies (Continued)

(h) Foreign currency translation (Continued)

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

The assets and liabilities of foreign operations are translated into Canadian dollars at period-end exchange rates and their revenue and expense items are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences are recognized in the consolidated statement of comprehensive loss.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(i) 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 profit or 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.

Deferred income tax

Deferred income tax is provided using the asset and liability 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 profit will be available to allow all or part of the deferred income tax asset to be utilized. 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.

(j) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company

2. Significant accounting policies (Continued)

(j) Financial instruments (Continued)

can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

2. Significant accounting policies (Continued)

(j) Financial instruments (Continued)

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(l) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

(m) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument 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 credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options 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.

(n) Revenue recognition

Revenue is recognized by applying the five-step model under IFRS 15, Revenue from Contracts with customers. The Company recognizes revenue when services and performance obligations are satisfied.

Subscription-based services
The Company offers subscriptions for software as a service (SaaS), which allow customer the access to the Company's software platform over the contract period. The revenue from this subscription service is recognized ratably over the contract period, commencing on the date the customer enters into the subscription agreement and the customer has the right to use and access the platform. Contract assets representing unbilled services rendered are included in "Receivables" in the consolidated statements of financial position. Contract liabilities representing amounts invoiced before the recognition of services are presented under "Deferred revenue" in the consolidated statements of financial position.

(Expressed in Canadian dollars)

2. Significant accounting policies (Continued)

(n) Revenue recognition (Continued)

Other services

Revenue from implementation or customization of software that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based primarily on labour hours. The percentage-of-completion method based on labour hours requires the Company to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

(o) Accounting standards issued but not yet effective

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

3. Development costs

On December 18, 2018, the Company entered into an agreement with The International Business Machines Corporation ("IBM") to collaboratively develop a block-chain enabled platform solution to track and trace minerals from miners to end buyers. During the year ended January 31, 2023, the Company engaged IBM Netherland B.V. and other various vendors to continue in the development process of the platform and incurred development costs from IBM of $1,351,345 (2022 - $3,177,793) (Note 5).

4. Receivables

	January 31, 2023	January 31, 2022
Accounts Receivable	$ 213,605	$ -
Sales taxes recoverable	67,721	191,135
	$ 281,326	$ 191,135

5. Trade payables and accrued liabilities

	January 31, 2023	January 31, 2022
Trade payables (Note 10)	$ 339,354	$ 143,483
IBM (Note 3)	64,564	387,572
Accrued liabilities (Note 10)	229,966	127,472
	$ 633,884	$ 658,527

6. Short-term loans

(a) On December 19, 2018, the Company entered into a loan agreement to borrow an amount of US $80,000 ($107,200) to be used for working capital, repayable in two months, bearing 5% interest per annum on default and has a bonus payment of US $8,000 ($10,720) on settlement recorded in interest expense during the year ended January 31, 2020. On July 31, 2020, the Company entered into an agreement with the lender to transfer the principal amount, bonus payment and accrued interest into a convertible debenture in the amount of $126,500 (Note 7(a)).

(Expressed in Canadian dollars)

6. Short-term loans (Continued)

(b) On December 19, 2018, the Company entered into a loan agreement to borrow an amount of US $275,000 ($368,610) to be used for working capital, repayable in two months, bearing 5% interest per annum on default and has a bonus payment of US $15,000 ($20,100) on settlement recorded in interest expense during the year ended January 31, 2020. On July 31, 2020, the Company entered into an agreement with the lender to transfer the principal amount, bonus payment and accrued interest into a combined convertible debenture in the amount of $416,730 (Note 7(a)).

(c) On June 18, 2019, the Company entered into a loan agreement to borrow an amount of $250,000 to be used for working capital. The loan bears interest at 10% per annum and is repayable on or before June 19, 2020. The Company issued 200,000 bonus shares with fair value of $50,000 recognized in finance expense in connection with the loan. During the year ended January 31, 2021, the Company renewed the loan and extended the maturity date to March 31, 2022. The extension of the maturity date resulted in a modification to the term of the loan. The Company recognized a loss of $45,216 and the loan is carried at the amortized cost of $252,766 at January 31, 2022. The loan discount uses an effective interest rate of 12% and is amortized over the life of the loan. During the year ended January 31, 2022, the Company accrued $39,646 of interest and accretion. On September 24, 2021, the Company repaid the loan and interest in full by paying $306,712, resulting in a loss on debt settlement of $14,300.

(d) On June 19, 2019, the Company entered into a loan agreement with a company related by common director and officer to borrow an amount of $150,000 for a duration of 120 days. The loan bears interest at 10% per annum. The Company issued 120,000 bonus shares with fair value of $30,000 recognized in finance expense in connection with the loan.

On July 31, 2020, the loan was acquired by another lender and the Company entered into an agreement with the new lender to transfer the principal amount, bonus payment and accrued interest into a combined convertible debenture in the amount of $166,800 (Note 7(a)).

(e) In January 2020, the Company entered into a loan agreement to borrow an amount of $75,000 to be used for working capital, repayable in two months, bearing 5% interest per annum and has a bonus payment of $4,000 on settlement recorded in interest expense during the year ended January 31, 2020. On July 31, 2020, the Company entered into an agreement with the lender to transfer the principal amount, bonus payment and accrued interest into a combined convertible debenture in the amount of $80,970 (Note 7(a)).

Details of movement of the short-term loans are as follows:

	January 31, 2023	January 31, 2022
Balance, beginning	$ -	$ 252,766
Loan repayments	-	(306,712)
Interest accrued	-	39,646
Loss on debt settlement	-	14,300
Balance, ending	$ -	$ -

7. Convertible debt

(a) On July 31, 2020, the Company entered into an agreement to combine four outstanding short-term loans into one convertible debenture with principal amount of $791,000 (Note 6(a,b,d,e). On July 15, 2022 the promissory note was renewed to fully mature July 31, 2023. The lender has an option to convert all or a portion of the principal amount of $664,500 and accrued interest into units of the Company at $0.25 per unit and $126,500 into common shares of the Company at $0.25 per share. Each unit consists of one common share of the Company and one-half share purchase warrant entitling the holder to purchase one share of the Company at an exercise price of $0.50 per share until July 31, 2024.

(Expressed in Canadian dollars)

7. Convertible debt (continued)

The convertible debenture is a compound financial instrument as it includes both a liability and equity components. On initial recognition, the Company determined the fair value of the liability component on the date of issue to be $702,971. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 12%. The equity component of the debenture was determined to be $88,029, which comprises of the principal value less the liability component.

On July 15, 2022, the Company extended convertible promissory debentures to July 31, 2023, which resulted in a gain on debt modification of $51,661.

Details of movement of the convertible promissory debentures are as follows:

	January 31, 2023	January 31, 2022
Balance, beginning	$ 788,014	$ 752,547
Loans amount converted or assigned (Notes 7 (c,d))	-	(40,000)
Change in fair value on extension	(51,661)	-
Accretion of convertible debenture	47,821	36,563
Interest accrued	37,396	38,904
Balance, ending	$ 821,570	$ 788,014

(b) On January 21, 2021, the Company entered into two convertible promissory note agreements to borrow an amount of $500,000 each for total proceeds of $1,000,000. Each convertible note matured in one year on January 21, 2022 and bears interest of 10% per annum. As the Company did not complete an Initial Public Offering ("IPO") within the first six month from the agreement date, the interest increased to 15% per annum. In addition, the Company issued 199,200 units to the lenders as a result of the delayed IPO. The lenders were required to convert a minimum of 25% of the outstanding principal amount and accrued interest into common shares of the Company at $0.50 per share on the event of an IPO (occurred September 7, 2021). The lenders have an option to convert all or any portion of the remaining 75% of the outstanding principal and accrued interest into common shares of the Company at $0.50 per share. Additionally, the Company issued 150,000 share purchase warrants to each lender for total 300,000 share purchase warrants. Each purchase warrant entitles the holder to purchase one share of the Company at an exercise price of $0.75 per share until January 21, 2023.

The convertible promissory notes are a compound financial instrument as it includes both a liability and equity components. On initial recognition, the Company determined the fair value of the liability component of each convertible note on the date of issue to be $478,261. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 12%. The equity component of each promissory note was determined to be $21,739, which comprises of the principal value less the liability component. The fair value of the 150,000 warrants for each promissory note was determined to be $31,756 using Black-Scholes Option Pricing Model with the following assumptions: Number of warrants: 150,000; Risk free rate of 0.16%; Expected life of 2 years; Expected volatility of 100% and divided yield on $Nil. On April 16, 2021, the Company repaid in full the principal and accrued interest for total amount of $525,000 of one convertible promissory note. On September 1, 2021, the remaining lender converted $125,000 in principal and $8,305 in interest in exchange for 266,600 common shares with a fair value of $138,739 (Note 8). On February 1, 2022, the remaining $375,000 of the principal was converted into 750,000 common shares with a fair value of $391,354 (Note 8). The remaining $48,647 of accrued interest was paid in cash.

(Expressed in Canadian dollars)

7. Convertible debt (continued)

Details of movement of the convertible promissory notes are as follows:

	January 31, 2023	January 31, 2022
Balance, beginning	$ 422,003	$ 898,681
Amount repaid	(48,647)	(525,000)
Loan amounts converted	(391,354)	(138,739)
Equity component of convertible debenture	16,305	27,173
Accretion of convertible debenture	-	95,676
Interest accrued	1,693	64,212
Balance, ending	$ -	$ 422,003

(c) On September 4, 2021, $20,000 of the principal from the loan described in Note 7(a) was assigned to a new lender with the same terms. On December 8, 2021, the lender converted $5,000 in principal into 20,000 common shares with a fair value of $5,000 and 10,000 share purchase warrants (Note 8). On March 18, 2022, the lender converted the remaining $15,455 in principal into 60,000 common shares with a fair value of $15,455 and 30,000 share purchase warrants (Note 8).

Details of movement of the convertible promissory note are as follows:

	January 31, 2023	January 31, 2022
Balance, beginning	$ 15,366	$ -
Loan amount assigned (Note 7(a))	-	20,000
Loan amount converted	(15,455)	(5,000)
Interest accrued	89	366
Balance, ending	$ -	$ 15,366

(d) On September 4, 2021, an additional $20,000 of the principal from the loan described in Note 7(a) was assigned to a new lender with the same terms. On July 15, 2022, the Company extended convertible promissory note to July 31, 2023, which resulted in a gain on debt modification of $1,250.

Details of movement of the convertible promissory note are as follows:

	January 31, 2023	January 31, 2022
Balance, beginning	$ 20,404	$ -
Loans amount assigned (Note 7(a))	-	20,000
Change in fair value on extension	(1,250)	-
Accretion	624	-
Interest accrued	1,000	404
Balance, ending	$ 20,778	$ 20,404

8. Share capital

Authorized share capital

Unlimited common shares without par value.

Issued share capital

At January 31, 2023, there were 77,613,493 issued and fully paid common shares (2022 – 60,603,493).

8. Share capital (Continued)

Share issuance

<u>*Year ended January 31, 2023:*</u>

On February 1, 2022, the Company issued 750,000 common shares with a fair value of $391,354 pursuant to the conversion of $375,000 in principal related to convertible debt outstanding (Note 7(b)).

On March 18, 2022, the Company issued 60,000 common shares and 30,000 share purchase warrants pursuant to the conversion of $15,455 in principal related to convertible debt outstanding (Note 7(c)).

On March 23, 2022, the Company issued 100,000 common shares for gross proceeds of $64,000 pursuant to the exercise of share purchase warrants. The share price on the date of exercise was $0.93.

On April 1, 2022, the Company issued 3,500,000 common shares and 1,750,000 share purchase warrants for gross proceeds of $3,150,000 pursuant to the closing of a non-brokered private placement. Using the residual value method, $175,000 of the gross proceeds were allocated to the share purchase warrants. The Company incurred cash share issuance costs of $149,312 and issued 162,500 broker warrants with a fair value of $54,656, which were valued using the Black-Scholes Option Pricing Model with the following assumptions: Average risk free interest rate of 2.50%; expected life of 2 years; expected volatility of 100% and dividend yield of $Nil.

On November 24, 2022, the Company issued 12,600,000 common shares for gross proceeds of $2,520,000 pursuant to the closing of a non-brokered private placement. The Company incurred cash share issuance costs of $66,201 and issued 297,500 broker warrants with a fair value of $23,488, which were valued using the Black-Scholes Option Pricing Model with the following assumptions: Average risk free interest rate of 3.86%; expected life of 1 years; expected volatility of 100% and dividend yield of $Nil.

<u>*Year ended January 31, 2022:*</u>

On February 8, 2021, the Company cancelled 500,000 common shares originally issued to a founder of the Company at $0.001 and on March 15, 2021 the Company cancelled 192,000 common shares issued at $0.50 for prepaid services.

On March 1, 2021, the Company issued 200,000 common shares of the Company with a fair value of $100,000 for prepaid services, recorded on the consolidated statement of financial position. During the year ended January 31, 2023, the Company recognized $50,000 in finance expense based on the services provided during the year (2022 - $45,833).

On March 15, 2021, the Company issued 156,000 common shares of the Company with a fair value of $78,000 for prepaid services. During the year ended January 31, 2022, the Company recognized $78,000 in consulting fees based on the services provided during the year.

On April 1, 2021, the Company issued 400,000 common shares of the Company at a price of $0.375 per share for gross proceeds of $150,000. The fair value of the shares was determined to be $0.50 per share and accordingly, stock-based compensation expense of $50,000 for the difference in fair value was recognized.

On April 13, 2021, the Company issued 4,780,000 common shares of the Company at a price of $0.50 for gross proceeds of $2,390,000. In connection with the issuances, the Company incurred cash share issuance costs of $14,950.

8. Share capital (Continued)

On May 3, 2021, the Company entered into a service agreement with Red Cloud Financial Services Inc. ("RCFS") whereby the Company will pay RCFS $10,000 per month for 6 months by issuing total 75,000 common shares. On June 15, 2021, the Company issued 75,000 common shares with a fair value of $75,000 to RCFS pursuant to the service agreement.

On June 10, 2021, the Company issued 9,200,000 subscription receipts in connection with a brokered private placement and issued 919,350 subscription receipts in connection with a non-brokered placement at $1.00 per subscription receipts for total gross proceeds of $10,119,350. In connection with the brokered private placement, the Company paid $50,000 in cash and issued 50,000 common shares with a fair value of $50,000 to finders and incurred legal costs totaling $95,183 in connection with the placement.

On August 26, 2021, the Company satisfied the escrow release conditions relating to the private placements, including the acceptance of the Company's final prospectus dated August 18, 2021 and conditional approval from the TSX-V to list the issued and outstanding common shares of the Company. Accordingly, 10,119,350 common shares were issued to the holders of the subscription receipts and $9,391,647 in cash was released from escrow, which represents the net proceeds after accounting for additional agents' fees of $727,703. Also in connection with the close of the private placement, a total of 599,800 agent warrants with a fair value of $303,543 were issued.

On September 1, 2021, the Company settled $125,000 in principal and $8,305 in interest in exchange for 266,600 common shares with a fair value of $138,739 (Note 7(b)).

On December 8, 2021, the Company issued 20,000 common shares with a fair value of $5,000 and 10,000 share purchase warrants pursuant to the conversion of $5,000 in principal of convertible debt (Note 7(c)).

During the year ended January 31, 2022, the Company issued 162,523 common shares pursuant to the exercise of 162,523 warrants at an exercise price of $0.50 per warrant for gross proceeds of $125,023. Pursuant to the exercise, a fair value reallocation between reserves and share capital in the amount of $38,301 was made. The average share price on the dates of exercise was $1.11.

During the year ended January 31, 2022, the Company issued 28,750 common shares pursuant to the exercise of 28,750 options exercise prices of $0.25 and $0.50 per option for gross proceeds of $8,125. Pursuant to the exercise, a fair value reallocation between reserves and share capital in the amount of $5,996 was made. The share price on the date of exercise was $1.04.

Escrow

At January 31, 2023, there were 8,414,173 shares in escrow (2022 – 12,621,259). These shares will be released 15% every 3 months beginning March 2022.

(Expressed in Canadian dollars)

8. Share capital (Continued)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, January 31, 2021	3,762,944	$ 0.53
Issued	2,309,800	$ 0.58
Exercised	(162,523)	$ 0.77
Warrants outstanding, January 31, 2022	5,910,221	$ 0.54
Issued	2,240,000	$ 1.31
Exercised	(100,000)	$ 0.64
Expired	(4,264,944)	$ 0.49
Warrants outstanding, January 31, 2023	3,785,277	$ 1.05

Details of warrants outstanding as at January 31, 2023 are as follows:

Exercise Price	Expiry Date	Balance, end of year
$0.50	March 31, 2023	240,000
$0.50	April 29, 2023	80,000
$0.50	March 1, 2023	700,000
$1.00	August 26, 2023	515,277
$0.50	July 31, 2023	10,000
$0.50	July 31, 2023	30,000
$1.50	April 1, 2024	1,750,000
$1.50	April 1, 2024	162,500
$0.20	November 24, 2023	297,500
		3,785,277

At January 31, 2023, the weighted-average remaining contractual life of warrants outstanding was 0.77 years.

On February 1, 2021, the Company issued 500,000 compensation warrants at an exercise price of $0.25 per share with an expiry date one year from the date that the Company completes a listing of its common shares on a Canadian stock exchange, which was estimated to be August 31, 2021 and actually occurred on September 7, 2021. The compensation warrants vest according to the following schedule: 25% three months from the listing date, 25% six months from the listing date, 25% nine months from the listing date and 25% twelve months from the listing date. The total fair value of the compensation warrants was determined to be $161,760 using the Black-Scholes Option Pricing Model with the following assumptions: average risk-free interest rate of 0.23%; expected life of 1.58 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $27,799 (2022 - $133,961) in finance expense on the consolidated statement of comprehensive loss during the year ended January 31, 2023 in accordance with the vesting of the compensation warrants.

On February 1, 2021, the Company issued 500,000 compensation warrants at an exercise price of $0.50 per share with an expiry date one year from the date that the Company completes a listing of its common shares on a Canadian stock exchange, which was estimated to be August 31, 2021 and actually occurred on September 7, 2021. The compensation warrants vest according to the following schedule: 25% on the listing date, 25% three months from the listing date, 25% six months from the listing date and 25% nine months from the listing date. The total fair value of the compensation warrants was determined to be $117,757 using the Black-Scholes Option Pricing Model with the following assumptions: average risk-free interest rate of 0.23%; expected life of 1.58 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $9,402 (2022 –

(Expressed in Canadian dollars)

8. Share capital (Continued)

$108,355) in finance expense on the consolidated statement of comprehensive loss during the year ended January 31, 2023 in accordance with the vesting of the compensation warrants.

On March 1, 2021, the Company issued 700,000 compensation warrants in exchange for services at an exercise price of $0.50 per share with an expiry date of March 1, 2023. The compensation warrants vest immediately. The total fair value of the compensation warrants was determined to be $182,995 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.49%; expected life of 2 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $182,995 in prepaid expense and is amortizing the prepaid expense over the service period of two years. During the year ended January 31, 2023, the Company recognized $91,496 in finance expense on the consolidated statement of comprehensive loss (2022 – $83,873).

On August 26, 2021 and September 3, 2021, in connection with the June 10, 2021 private placement, the Company granted 527,800 and 72,000 agent warrants, respectively at an exercise price of $1.00 per share with an expiry date two and one years from the grant date, respectively. The total fair value of the agent warrants was determined to be $303,543 using the Black-Scholes Option Pricing Model with the following assumptions: average risk-free interest rate of 0.46%; expected life of 1.88 years; expected volatility of 100% and dividend yield of $Nil. During the year ended January 31, 2022, the Company recognized $303,543 in share issuance costs pertaining to the grant.

During the year ended January 31, 2023, 4,264,944 warrants expired, accordingly $370,569 was transferred to deficit.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted.

Stock options transactions are summarized as follows:

	Number of options	Weighted average exercise price
Options outstanding, January 31, 2021	4,405,000	$ 0.29
Issued	1,255,000	0.95
Exercised	(28,750)	0.28
Cancelled	(36,250)	0.33
Options outstanding, January 31, 2022	5,595,000	$ 0.44
Issued	1,450,000	0.31
Exercised	-	-
Cancelled	(470,000)	0.67
Options outstanding, January 31, 2023	6,575,000	$ 0.39
Options exercisable, January 31, 2023	4,685,000	$ 0.36

8. Share capital (Continued)

On September 1, 2020, the Company granted 2,425,000 stock options to officers and consultants of the Company at an exercise price of $0.25 per common share for a period of five years ending September 1, 2025. The options vest in four equal parts over two years ending September 1, 2022. The total value of these options on grant date was $447,807, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 0.34%; Expected life of 5 years; Expected volatility of 100% and dividend yield of $Nil. The Company recognized $37,816 (2022 - $211,386) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On September 29, 2020, the Company granted 1,300,000 stock options to directors of the Company at an exercise price of $0.25 per common share for a period of five years ending September 29, 2025. The options vest in four equal parts over two years ending September 29, 2022. The total value of these options on grant date was $240,012, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 0.31%; Expected life of 5 years; Expected volatility of 100% and dividend yield of $Nil. The Company recognized $19,809 (2022 - $115,996) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On January 29, 2021, the Company granted 680,000 stock options to officers and consultants of the Company at an exercise price of $0.50 per common share for a period of five years ending January 29, 2026. The options vest in four equal parts over two years ending January 29, 2023. The total value of these options on grant date was $250,089, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 0.31%; Expected life of 5 years; Expected volatility of 100% and dividend yield of $Nil. The Company recognized $36,657 (2022 - $194,085) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On April 13, 2021, the Company granted 125,000 stock options to consultants of the Company at an exercise price of $0.50 per common share for a period of five years ending April 13, 2026. The options vest in four equal parts over two years ending April 13, 2023. The total value of these options on grant date was $46,408, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.93%; expected life of 5 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized ($4,247) (2022 - $36,732) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On September 2, 2021, the Company granted 520,000 stock options to consultants of the Company at an exercise price of $1.00 per common share for a period of five years ending September 2, 2026. Of the options, 60,000 vested immediately and $44,795 in stock-based compensation was recorded, determined using the same assumptions as below. The remaining options vest in four equal parts over two years ending September 2, 2023. The total value of these options on grant date was $343,425, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.56%; expected life of 5 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $149,475 (2022 - $148,648) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On November 1, 2021, the Company granted 500,000 stock options to consultants of the Company at an exercise price of $1.06 per common share for a period of five years ending November 1, 2026. The options vest in four equal parts over two years ending November 1, 2023. The total value of these options on grant date was $369,500, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.56%; expected life of 5 years; expected volatility of 100% and dividend yield of $Nil. and the Company recognized $209,732 (2022 - $96,384) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

8. Share capital (Continued)

On January 4, 2022, the Company granted 10,000 stock options to a consultant of the Company at an exercise price of $1.00 per common share for a period of 20 months ending September 17, 2023. The options vest after certain performance milestones are achieved. The total value of these options on grant date was $4,709, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.26%; expected life of 1.72 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $Nil (2022 - $Nil) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023. On December 1, 2022, all of the options were cancelled.

On January 5, 2022, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of $0.97 per common share for a period of five years ending January 5, 2027. The options vest in four equal parts over two years ending January 5, 2024. The total value of these options on grant date was $75,383, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.67%; expected life of 5 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $55,663 (2022 - $5,618) in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On February 1, 2022, the Company granted 100,000 stock options, which are exercisable at $0.93 for a period of 5 years. The options vest in four equal parts over two years ending February 1, 2024. The total value of these options on grant date was $66,163, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.79%; expected life of 5 years; expected volatility of 98.2% and dividend yield of $Nil. The Company recognized $52,311 in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On July 29, 2022, the Company granted 160,000 stock options, which are exercisable at $0.30 for a period of 5 years. The options vest in four equal parts over two years ending July 29, 2024. The total value of these options on grant date was $33,639, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 2.83%; expected life of 5 years; expected volatility of 112.5% and dividend yield of $Nil. The Company recognized $17,684 in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On September 16, 2022, the Company granted 440,000 stock options, which are exercisable at $0.25 for a period of 5 years. The options vest in four equal parts over two years ending September 16, 2024. The total value of the options on grant date was $67,821, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.24%; expected life of 5 years; expected volatility of 109.2% and dividend yield of $Nil. The Company recognized $26,622 in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On December 5, 2022, the Company granted 600,000 stock options, which are exercisable at $0.255 for a period of 5 years. The options vest in four equal parts over two years ending December 5, 2024. The total value of the options on grant date was $120,059, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.37%; expected life of 5 years; expected volatility of 110.9% and dividend yield of $Nil. The Company recognized $19,550 in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

On January 17, 2023, the Company granted 150,000 stock options, which are exercisable at $0.30 for a period of 5 years. The options vest in four equal parts over two years ending January 17, 2025. The total value of the options on grant date was $33,895, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 2.88%; expected life of 5 years; expected volatility of 114.6% and dividend yield of $Nil. The Company recognized $1,360 in stock-based compensation expense for the portion of options vested during the year ended January 31, 2023.

(Expressed in Canadian dollars)

8. Share capital (Continued)

During the year ended January 31, 2023, the Company recorded $622,432 (2022 - $903,644) in stock-based compensation expense, which includes $677,771 (2022 - $853,644) for options vested and $Nil (2022 - $50,000) for the difference in fair value from the April 1, 2021 private placement.

During the year ended January 31, 2023, 470,000 options were cancelled, accordingly $155,771 was transferred to deficit.

9. Reserves

Equity compensation reserve

The equity compensation reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised and cancelled, the amount recorded is transferred to deficit.

Equity component of convertible debt reserve

The convertible debt reserve records the equity component of convertible debt with liability and equity components. On conversion, the amount recorded is transferred to share capital.

10. Related party transactions

Related party transactions are as follows:

	Year Ended January 31, 2023	2022
Administrative services	$ 50,000	$ 64,500
Management fees	532,431	692,252
Payroll expenses	93,272	129,938
	$ 675,703	$ 886,690

Key management personnel include directors and senior officers of the Company. Key management compensation is as follows:

	Year Ended January 31, 2023	2022
Aggregate cash compensation	$ 675,703	$ 886,690
Stock-based compensation (Note 8)	76,122	401,237
	$ 751,825	$ 1,287,927

At January 31, 2023, included in accounts payable and accrued liabilities is $32,290 (2022 - $7,652) due to directors and officers or companies controlled by directors and officers. These amounts are unsecured, non-interest bearing and have no fixed payment terms (Note 5).

(Expressed in Canadian dollars)

11. Revenue

The following table provides information about deferred revenue (contract liability):

	January 31, 2023	January 31, 2022
Balance, beginning	$ -	$ -
Increase due to invoices issued, excluding amounts recognized as revenue during the year	155,488	-
Balance, ending	$ 155,488	$ -

12. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year Ended January 31, 2023	Year Ended January 31, 2022
Net loss before income taxes	$ (8,529,656)	$ (9,647,561)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery at the statutory tax rate	(2,303,007)	(2,604,841)
Finance costs	(58,189)	(253,216)
Non-deductible expenses and other	215,446	355,105
Deferred tax assets not recognized	2,145,750	2,502,952
Income tax recovery	$ -	$ -

Details of deferred tax assets are as follows:

	January 31, 2023	January 31, 2022
Non-capital losses	$ 3,750,724	$ 2,074,938
Share-issue costs	239,531	268,709
Development costs	2,635,818	2,136,676
Valuation allowance	(6,626,073)	(4,480,323)
Net deferred tax asset	$ -	$ -

The Company has incurred losses of $13,891,572 for tax purposes which are available to reduce future taxable income. The losses expire between 2039 and 2043.

13. Financial instruments and risks

(a) Fair values

The fair values of cash, receivables, accounts payable, and convertible notes approximate their carrying values due to the short-term to maturities of these financial instruments.

(b) 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.

13. Financial instruments and risks (Continued)

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

(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 in foreign exchange rates. The Company is exposed to foreign exchange risk on fluctuations related to cash, receivables, and accounts payable denominated in US dollars and Euros. The Company has significant liabilities denominated in foreign currencies; therefore, foreign exchange risk is assessed as high.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	As at January 31, 2023	2022
Cash	$ 5,792	$ 17,230
Receivables	213,605	-
Accounts payable	(31,135)	(40,070)
	$ 188,262	$ (22,840)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Euros:

	As at January 31, 2023	2022
Cash	$ 60,391	$ 398,043
Receivables	10,724	141,975
Accounts payable	(128,763)	(412,717)
	$ (57,648)	$ 127,301

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in British Pound Sterling:

	As at January 31, 2023	2022
Accounts payable	$ (186,278)	$ -

13. Financial instruments and risks (Continued)

(d) Foreign exchange risk (Continued)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Singapore dollars:

	As at January 31, 2023	2022
Cash	$ 21,829	$ -
Accounts payable	(5,518)	-
	$ 16,311	$ -

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Chinese Renminbi:

	As at January 31, 2023	2022
Cash	$ 23,397	$ -
Accounts payable	(975)	-
	$ 22,422	$ -

Based on the above net exposures, as at January 31, 2023, a 5% change in the US dollar to the Canadian dollar, Euro to the Canadian dollar, British Pound Sterling to the Canadian dollar, Singaporean dollar to Canadian dollar, and Chinese Renminbi to Canadian dollar, would impact the Company's net loss by $9,000, $3,000, $9,000, $800 and $1,000 respectively.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its research and development activities. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

14. Capital management

The Company's capital structure consists of share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent on external financing to fund its activities. In order to carry out research and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

15. Subsequent events

On March 10, 2023, the Company issued 8,176,634 common shares to the shareholders of Waybridge Technologies Inc. “Waybridge”) at a deemed price per share of $0.4345 for aggregate consideration of $3,552,747 pursuant to the purchase of certain assets from the company. Waybridge is a software-as-a-service platform that provides seamless order processing, real-time shipment tracking, inventory management and reporting for the commodities ecosystem by automating data connections between customers and their entire supply chains. As of the date of these consolidated financial statements, the Company is undertaking to determine the fair value of consideration paid and fair value of assets and liabilities acquired; therefore, this information is not yet available.

On March 13, 2023, the Company granted 1,560,000 stock options, which are exercisable at $0.30 for a period of 5 years. The options vest in four equal parts over two years ending March 13, 2025.

On April 14, 2023, the Company issued 4,075,000 units at $0.25 for gross proceeds of $1,018,750 pursuant to the close of a non-brokered private placement. Each unit consists of one common share and one warrant, exercisable at $0.40 for 2 years. The Company issued 67,500 finders warrants exercisable at $0.40 for 2 years.

On April 14, 2023, the convertible debentures were amended to extend the maturity date to July 31, 2024. The underlying warrants issuable as part of units on conversion were amended to expire July 31, 2025.

On May 16, 2023 the Company entered into a Concentrates App Development Agreement with Sumitomo Corporation. Under this agreement Sumitomo has agreed to fund an amount of JPY 100,000,000 of development costs subject to certain terms, conditions, and covenants. On May 24, 2023 the Company received USD $219,796 (JPY 300,000,000) representing the first funding under the agreement.