

# **MINEHUB TECHNOLOGIES INC.**

Condensed Consolidated Interim Financial Statements

For the Three Months Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of MineHub Technologies Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity’s auditor.

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

	Notes	April 30, 2023	January 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 897,462	\$ 1,153,102
Receivables	5	439,648	281,326
Prepaid expenses	9	141,869	147,010
<b>Total current assets</b>		<b>1,478,979</b>	<b>1,581,438</b>
Intangible assets	6	500,753	-
Goodwill	6	342,695	-
<b>Total Assets</b>		<b>\$ 2,322,427</b>	<b>\$ 1,581,438</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	7,11	\$ 1,058,969	\$ 633,884
Convertible notes	8	-	842,348
Deferred revenue	12	24,770	155,488
		1,083,739	1,631,720
<b>Long-term liabilities</b>			
Convertible notes	8	776,324	-
<b>Total liabilities</b>		<b>1,860,063</b>	<b>1,631,720</b>
<b>Shareholders' equity</b>			
Share capital	9	25,451,453	22,901,097
Equity component of convertible debt reserve	9,10	88,029	88,029
Equity compensation reserve	9,10	2,372,471	2,349,144
Deficit		(27,449,589)	(25,388,552)
<b>Total shareholders' equity</b>		<b>462,364</b>	<b>(50,282)</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,322,427</b>	<b>\$ 1,581,438</b>

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 condensed consolidated interim financial statements*

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

	Notes	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
<b>Revenue</b>		341,636	-
<b>Expenses</b>			
Administrative services	11	78,927	15,000
Amortization	6	17,238	-
Consulting	11	308,537	497,168
Finance expense	9	20,177	24,090
Interest expense and accretion	8	23,982	21,993
Development costs	4	135,442	736,389
Management fees	11	80,864	130,212
Marketing		189,947	192,989
Office and miscellaneous		594,897	396,348
Payroll expenses	11	761,370	227,952
Professional fees		307,664	19,926
Regulatory fees		35,297	27,386
Stock-based compensation	9,11	121,635	237,237
Travel		53,053	38,794
Total operating expenses		(2,729,030)	(2,565,484)
<b>Net loss from operations</b>		(2,387,394)	(2,565,484)
<b>Other income (expenses)</b>			
Gain on debt remeasurement		90,006	-
Foreign exchange gain/(loss)		(12,967)	5,255
<b>Net and comprehensive loss</b>		\$ (2,310,355)	\$ (2,560,229)
<b>Loss per share – basic and diluted</b>		\$ (0.03)	\$ (0.04)
<b>Weighted Average Number of Shares Outstanding – basic and diluted</b>		83,169,223	62,557,201

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

**MINEHUB TECHNOLOGIES INC.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Notes	Share Capital		Equity Compensation Reserve	Equity Component of Convertible Debt Reserve	Deficit	Total Shareholders' Equity
		Number of Shares	Amount				
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	9	3,500,000	2,772,905	229,656	-	-	3,002,561
Repayment of convertible debt	8,9	810,000	406,809	-	(16,305)	-	390,504
Compensation warrants	9	-	-	24,090	-	-	24,090
Warrant exercise	9	100,000	64,000	-	-	-	64,000
Fair value reallocation on warrant exercise	9	-	5,596	(5,596)	-	-	-
Stock-based compensation	9,11	-	-	237,237	-	-	237,237
Net and comprehensive loss for the period		-	-	-	-	(2,560,229)	(2,560,229)
<b>Balance, April 30, 2022</b>		<b>65,013,493</b>	<b>\$ 20,478,255</b>	<b>\$ 2,448,094</b>	<b>\$ 88,029</b>	<b>\$(19,945,465)</b>	<b>\$ 3,068,913</b>
Balance, January 31, 2023		77,613,493	\$ 22,901,097	\$ 2,349,144	\$ 88,029	\$(25,388,552)	\$ (50,282)
Shares issued for cash, net of share issue cost	9	4,075,000	844,250	142,625	-	-	986,875
Shares issued pursuant to acquisition	3,9	8,176,634	1,706,106	-	-	-	1,706,106
Compensation warrants	9	-	-	8,385	-	-	8,385
Fair value reclass of expired compensation warrants	9	-	-	(211,626)	-	211,626	-
Fair value reclass of expired options	9	-	-	(37,692)	-	37,692	-
Stock-based compensation	9,11	-	-	121,635	-	-	121,635
Net and comprehensive loss for the period		-	-	-	-	(2,310,355)	(2,310,355)
<b>Balance, April 30, 2023</b>		<b>89,865,127</b>	<b>\$ 25,451,453</b>	<b>\$ 2,372,471</b>	<b>\$ 88,029</b>	<b>\$(27,449,589)</b>	<b>\$ 462,364</b>

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

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

	<b>Three Months Ended April 30, 2023</b>	<b>Three Months Ended April 30, 2022</b>
Cash provided by (used in):		
Operating activities		
Net loss	\$ (2,310,355)	\$ (2,560,229)
Item not effecting cash:		
Interest expense and accretion	23,982	21,993
Amortization	17,238	-
Finance expense	20,177	24,090
Stock-based compensation	121,635	237,237
Gain/loss on debt remeasurement	(90,006)	-
Changes in non-cash working capital items:		
Accounts receivable	(3,500)	52,762
Prepaid expenses	52,097	173,263
Accounts payable and accrued liabilities	388,736	(485,918)
Unearned revenue	(130,718)	-
<b>Net cash used in operating activities</b>	<b>(1,910,714)</b>	<b>(2,536,802)</b>
Investing activities		
Cash acquired in acquisition	668,199	-
<b>Net cash provided by investing activities</b>	<b>668,199</b>	<b>-</b>
Financing activities		
Proceeds from issuance of shares, net of issue costs	986,875	3,352,561
Loan repayment	-	(48,647)
Proceeds from warrant exercises	-	64,000
<b>Net cash provided by financing activities</b>	<b>986,875</b>	<b>3,367,914</b>
Increase/(decrease) in cash	(255,640)	831,112
Cash, beginning	1,153,102	2,940,996
<b>Cash, ending</b>	<b>\$ 897,462</b>	<b>\$ 3,772,108</b>
Non-cash transactions:		
Shares issued for repayment of convertible debt	\$ -	\$ 406,809
Shares issued pursuant to acquisition	1,706,106	-

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

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### **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 April 30, 2023 the Company has generated minimal revenues and 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 June 27, 2023.

### **2. Significant accounting policies**

#### **(a) Statement of compliance to International Financial Reporting Standards**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company’s January 31, 2023 audited annual consolidated financial statements and the notes to such financial statements.

#### **(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.

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### **2. Significant accounting policies (continued)**

#### (d) Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments 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 assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input 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.
- The fair value of assets acquired and liabilities assumed from business combination and useful lives of acquired identifiable intangible assets.

#### (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, Minehub Technologies Netherlands B.V., and CMDTY UK Ltd. ("Waybridge UK"). All inter-company balances and transactions have been eliminated upon consolidation.

### **3. Business Combination**

On March 10, 2023, the Company issued 8,176,634 common shares to the shareholders of Waybridge Technologies Inc. ("Waybridge") pursuant our agreement to purchase certain assets and assume certain liabilities from the company and all the equity securities of the Waybridge UK entity. Waybridge had inputs, as well as substantial processes in place capable of generating outputs. As a result, the acquisition of the Waybridge assets and liabilities acquired was determined to be a business combination under IFRS 3 Business Combinations.

The Company has engaged a third-party valuation specialist whose report was not yet finalized as of the date of these condensed interim financial statements. The purchase price and purchase price allocation are still preliminary and subject to change upon completion of the final valuation. The Company will finalize the allocation of the purchase price no later than March 10, 2024.



## MINEHUB TECHNOLOGIES INC.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### 3. Business Combination (continued)

In accordance with IFRS 3, the equity consideration was measured at fair value on the date of acquisition, the date control was obtained over the assets acquired and liabilities assumed. The preliminary purchase price allocation based on the preliminary fair value of assets acquired and liabilities assumed at the acquisition date are as follows:

Fair Value of 8,176,634 shares issued as consideration	\$	1,706,106
Preliminary allocated to:		
Tangible assets:		
Cash		668,199
Accounts receivable		154,823
Other non-cash working capital		22,398
Intangible assets:		
Customer relationships		257,250
Technology		260,741
Goodwill		342,695
Total	\$	1,706,106

The goodwill represents the excess of the purchase price over the fair value of net assets acquired. It is attributable to the workforce acquired and expected synergies from combining operations. None of the goodwill is deductible for tax purposes.

In connection with the transaction, the company incurred \$316,813 of acquisition costs, which are expensed in the condensed interim statement of loss within professional fees.

The receivables acquired in the transaction have a fair value of \$154,823, which approximates the gross contractual amounts receivable. The best estimate at the acquisition date of the contractual cash flow for which collection is uncertain is \$Nil.

The financial results of Waybridge have been included in the Company's consolidated statements from March 10, 2023, and include revenue of \$204,286 and net and comprehensive loss of \$476,027 during the three months ended April 30, 2023. If the Waybridge acquisition had been effective on February 1, 2023, the pro forma revenue is estimated to be \$306,429 and pro forma net and comprehensive loss is estimated to be \$867,444.

The pro forma results of the results of the operations are not intended to reflect the actual results that would have occurred had the acquisition closed on February 1, 2023. Further, the pro forma results of the operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in subsequent periods.

### 4. Development costs

On December 18, 2018, the Company entered into an agreement with The International Business Machines Corporation 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. ("IBM") and other various vendors to continue in the development process of the platform. During the three months ended April 30, 2023, the Company incurred development costs of \$80,086 (three months ended April 30, 2022 - \$649,290) (Note 7) with IBM.

**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

**5. Receivables**

	<b>April 30, 2023</b>	<b>January 31, 2023</b>
Accounts Receivable	\$ 340,039	\$ 213,605
Sales taxes recoverable	99,609	67,721
	<b>\$ 439,648</b>	<b>\$ 281,326</b>

**6. Intangible assets and goodwill**

	<b>Customer Relationships</b>	<b>Technology</b>	<b>Total</b>
<b>Cost</b>			
Balance, January 31, 2023	-	-	-
Additions	257,250	260,741	517,991
Balance, April 30, 2023	257,250	260,741	517,991
<b>Accumulated amortization</b>			
Balance, January 31, 2023	-	-	-
Amortization	(10,719)	(6,519)	(17,238)
Balance, April 30, 2023	(10,719)	(6,519)	(17,238)
<b>Net book value</b>			
Balance, January 31, 2023	-	-	-
Balance, April 30, 2023	246,531	254,222	500,753

The useful life of customer relationships is determined to be 3 years and the useful life of technology is determined to be 5 years. Intangible assets are amortized using the straight-line method.

Additionally, the company recognized goodwill of \$342,695 on the acquisition of Waybridge (Note 3) during the three month period ended April 30, 2023.

**7. Trade payables and accrued liabilities**

	<b>April 30, 2023</b>	<b>January 31, 2023</b>
Trade payables (Note 11)	\$ 811,839	\$ 339,354
IBM (Note 4)	96,904	64,564
Accrued liabilities (Note 11)	150,226	229,966
	<b>\$ 1,058,969</b>	<b>\$ 633,884</b>

**8. 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. On April 14, 2023, the promissory note was renewed to fully mature July 31, 2024. 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.

## MINEHUB TECHNOLOGIES INC.

### Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 8. 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

On April 14, 2023, the Company extended convertible promissory debentures to July 31, 2024, which resulted in a gain on debt modification of \$87,638.

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

		April 30, 2023	January 31, 2023
Balance, beginning	\$	821,570	\$ 788,014
Change in fair value on extension		(87,638)	(51,661)
Accretion of convertible debenture		13,995	47,821
Interest accrued		9,388	37,396
Balance, ending	\$	757,316	\$ 821,570

(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 dividend 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. 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 9). The remaining \$48,647 of accrued interest was paid in cash.

**MINEHUB TECHNOLOGIES INC.**

## Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

**8. Convertible debt (continued)**

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

		April 30, 2023	January 31, 2023
Balance, beginning	\$	-	\$ 422,003
Amount advanced (repaid)		-	(48,647)
Loan amounts converted		-	(391,354)
Equity component of convertible debenture		-	16,305
Warrant component of convertible debenture		-	-
Accretion of convertible debenture		-	-
Interest accrued		-	1,693
Balance, ending	\$	-	\$ -

(c) On September 4, 2021, \$20,000 of the principal from the loan described in Note 8(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. 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 9).

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

		April 30, 2023	January 31, 2023
Balance, beginning	\$	-	\$ 15,366
Loan amount converted		-	(15,455)
Interest accrued		-	89
Balance, ending	\$	-	\$ -

(d) On September 4, 2021, an additional \$20,000 of the principal from the loan described in Note 8(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. On April 14, 2023, the Company extended convertible promissory note to July 31, 2024, which resulted in a gain on debt modification of \$2,368.

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

		April 30, 2023	January 31, 2023
Balance, beginning	\$	20,778	\$ 20,404
Change in fair value on extension		(2,368)	(1,250)
Accretion		348	624
Interest accrued		250	1,000
Balance, ending	\$	19,008	\$ 20,778

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### **9. Share capital**

#### *Authorized share capital*

Unlimited common shares without par value.

#### *Issued share capital*

At April 30, 2023, there were 89,865,127 issued and fully paid common shares (January 31, 2023 – 77,613,493).

#### *Share issuance*

##### Three Months Ended April 30, 2023:

On March 10, 2023, the Company issued 8,176,634 common shares with a fair value of \$1,706,106 to the shareholders of Waybridge Technologies Inc. (“Waybridge”) pursuant to the purchase of certain assets from the company (Note 3).

On April 14, 2023, the Company issued 4,075,000 common shares and 2,037,500 share purchase warrants for gross proceeds of \$1,018,750 pursuant to the closing of a non-brokered private placement. Using the residual value method, \$142,625 of the gross proceeds were allocated to the share purchase warrants. The Company incurred cash share issuance costs of \$31,875 and issued 67,500 broker warrants with a fair value of \$8,385, which were valued using the Black-Scholes Option Pricing Model with the following assumptions: Average risk free interest rate of 3.62%; expected life of 2 years; expected volatility of 117.5% and dividend yield of \$Nil.

##### Three Months Ended April 30, 2022:

On February 12, 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 8(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 8(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.

#### *Escrow*

At April 30 2023 and January 31, 2023 there were 15,328,681 and 8,414,173) shares in escrow, respectively. Beginning March 2022, 7,152,047 shares started being released 15% every 3 months. Beginning June 10, 2023, 8,176,634 shares will be released at 12.5% every 3 months.

**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

**9. Share capital (continued)*****Warrants***

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
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
Issued	2,105,000	\$ 0.40
Exercised	-	\$ -
Expired	(1,020,000)	\$ 0.50
Warrants outstanding, April 30, 2023	4,870,277	\$ 0.88

Details of warrants outstanding as at April 30, 2023 are as follows:

Exercise Price	Expiry Date	Balance, end of year
\$1.00	August 26, 2023	515,277
\$1.50	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
\$0.40	April 17, 2025	2,037,500
\$0.40	April 17, 2025	67,500
		4,870,277

At April 30, 2023, the weighted-average remaining contractual life of warrants outstanding was 1.28 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 \$Nil in finance expense on the condensed consolidated interim statement of comprehensive loss during the three months ended April 30, 2023 (2022 - \$16,573) 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 \$Nil in finance expense on the condensed consolidated interim statement of comprehensive loss during the three months ended April 30, 2023 (2022 - \$7,516) in accordance with the vesting of the compensation warrants.

## MINEHUB TECHNOLOGIES INC.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### 9. Share capital (continued)

#### *Warrants (continued)*

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 three months ended April 30, 2023, the Company recognized \$11,792 in finance expense on the condensed consolidated interim statement of comprehensive loss (2022 - \$22,874).

During the three months ended April 30, 2023, 1,020,000 warrants expired, accordingly \$211,626 was transferred to deficit. During three months ended April 30, 2022, no warrants expired or were cancelled.

#### *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, 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
Issued	1,560,000	0.30
Cancelled	(100,000)	0.97
Options outstanding, April 30, 2023	8,035,000	\$ 0.37
Options exercisable, April 30, 2023	4,897,500	\$ 0.37

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 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 \$4,760 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 2023 (three months ended April 30, 2022 - \$16,886).

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 \$4,437 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 2023.

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### **9. Share capital (continued)**

#### ***Stock options (continued)***

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 \$13,082 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 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 \$30,528 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 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 \$8,643 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 2023.

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. The total value of the options on grant date was \$341,698, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.05%; expected life of 5 years; expected volatility of 116.4% and dividend yield of \$Nil. The Company recognized \$46,552 in stock-based compensation expense for the portion of options vested during the three months ended April 30, 2023.

During the three months ended April 30, 2023, the Company recorded \$121,635 (three months ended April 30, 2022 - \$237,237) in stock-based compensation expense. During the three months ended April 30, 2023, 100,000 options expired, accordingly \$37,692 was transferred to deficit. In the three months ended April 30, 2022 no options expired or were cancelled.

### **10. 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.



**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

**11. Related party transactions**

Related party transactions are as follows:

	<b>Three Months Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
Administrative services	\$ 20,000	\$ 15,000
Consulting	29,852	-
Management fees	80,817	130,212
Payroll expenses	-	37,123
	<b>\$ 130,669</b>	<b>\$ 182,335</b>

Key management compensation is as follows:

	<b>Three Months Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
Aggregate cash compensation	\$ 130,669	\$ 182,335
Stock-based compensation (Note 9)	20,352	24,816
	<b>\$ 151,021</b>	<b>\$ 207,151</b>

At April 30, 2023, included in accounts payable and accrued liabilities is \$4,433 (at January 31, 2023 - \$32,290) 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.

**12. Revenue**

The following table presents revenue from contracts with customers disaggregated by service type:

	<b>Three Months Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
Software as a service revenue	\$ 235,718	\$ -
Professional services	105,918	-
	<b>\$ 341,636</b>	<b>\$ -</b>

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

	<b>April 30, 2023</b>	<b>January 31, 2023</b>
Balance, beginning	\$ 155,488	\$ -
Increase due to invoices issued, excluding amounts recognized as revenue during the period	6,631	155,488
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(137,349)	-
Balance, ending	<b>\$ 24,770</b>	<b>\$ 155,488</b>

## MINEHUB TECHNOLOGIES INC.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### 13. Financial instruments and risks

(a) Fair values

The fair values of cash, receivables, accounts payable, short-term loans 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.

(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, Euros, British Pound Sterling, Singapore Dollars and Chinese Renminbi; 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	
	April 30, 2023	January 31, 2023
Cash	\$ 293,158	\$ 5,792
Receivables	340,039	213,605
Accounts payable	(27,088)	(31,135)
	<u>\$ 606,109</u>	<u>\$ 188,262</u>

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

	As at	
	April 30, 2023	January 31, 2023
Cash	\$ 8,260	\$ 60,391
Receivables	11,211	10,724
Accounts payable	(151,453)	(128,763)
	<u>\$ (131,982)</u>	<u>\$ (57,648)</u>

**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

**13. Financial instruments and risks (continued)**

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

	As at	
	April 30, 2023	January 31, 2023
Cash	\$ 1,190	-
Receivables	2,339	-
Accounts payable	(388,739)	(186,278)
	\$ (385,210)	\$ (186,278)

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

	As at	
	April 30, 2023	January 31, 2023
Cash	\$ 13,993	\$ 21,829
Accounts payable	(8,544)	(5,518)
	\$ 5,449	\$ 16,311

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

	As at	
	April 30, 2023	January 31, 2023
Cash	\$ 27,723	\$ 23,397
Accounts payable	(969)	(975)
	\$ 26,754	\$ 22,422

Based on the above net exposures, as at April 30, 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 the Canadian dollar, and Chinese Renminbi to the Canadian dollar would impact the Company's net loss by \$30,000, \$7,000, \$19,500, \$300 and \$1,400 respectively (January 31, 2023 - \$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.

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

(Expressed in Canadian dollars)

### **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 May 16, 2023 the Company entered into a Concentrates Application Development Agreement with Sumitomo Corporation. Under this agreement Sumitomo agreed to fund approximately \$1,000,000 of development costs subject to certain terms, conditions, and covenants. The funding under the agreement has subsequently been received.

On June 9, 2023, the Company issued 5,000,000 Units at a price of \$0.20 per Unit for gross proceeds of \$1,000,000 pursuant to the closing of a non-brokered private placement. Each Unit comprises one common share and one half share purchase warrant, exercisable at \$0.40 for two years.

On June 9, 2023, the Company agreed to extend the term of 2,037,500 share purchase warrants issued on April 17, 2023 and expiring on April 17, 2025 such that the new warrant expiry date would be April 17, 2026. Each warrant remains exercisable at \$0.40 into one common share.

On June 15, 2023, the Company granted 300,000 stock options, which were exercisable at \$0.25 per share for a period of 5 years. The options vest in two equal parts over twelve months ending on June 15, 2024.