

# **MINEHUB TECHNOLOGIES INC.**

Condensed Consolidated Interim Financial Statements

For the Six Months Ended July 31, 2022 and 2021

(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	July 31, 2022 (Unaudited)	January 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 1,499,133	\$ 2,940,996
Receivables	4	459,967	191,135
Prepaid expenses		363,578	682,933
<b>Total assets</b>		<b>\$ 2,322,678</b>	<b>\$ 3,815,064</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	5,10	\$ 294,259	\$ 658,527
Convertible debt	7	849,517	1,245,787
Deferred revenue		108,814	-
<b>Total liabilities</b>		<b>1,252,590</b>	<b>1,904,314</b>
<b>Shareholders' equity</b>			
Share capital	8	20,482,021	17,228,945
Equity component of convertible debt reserve	8,9	88,029	104,334
Equity compensation reserve	8,9	2,579,244	1,962,707
Deficit		(22,079,206)	(17,385,236)
<b>Total shareholders' equity</b>		<b>1,070,088</b>	<b>1,910,750</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,322,678</b>	<b>\$ 3,815,064</b>

Nature of and continuance of operations (Note 1)

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 July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
<b>Revenue</b>		\$ 19,826	\$ -	\$ 19,826	\$ -
<b>Expenses</b>					
Administrative services		\$ 49,128	\$ 19,500	\$ 64,128	\$ 34,500
Consulting		365,327	197,006	862,495	355,506
Finance expense	8	81,683	105,640	105,773	196,434
Interest expense	6,7	20,891	55,040	42,884	154,781
Development costs		436,967	751,174	1,173,356	1,338,679
Management fees	10	135,231	159,636	265,443	290,889
Marketing		65,906	94,925	258,895	94,925
Office and miscellaneous		473,208	65,848	869,556	158,061
Payroll expenses		301,172	60,777	529,124	113,264
Professional fees		51,465	161,368	71,391	272,747
Regulatory fees		2,853	15,008	30,239	15,263
Stock-based compensation	8,10	165,011	181,406	402,248	415,838
Travel		30,137	-	68,931	886
		(2,178,979)	(1,867,328)	(4,744,463)	(3,441,773)
<b>Other income (expenses)</b>					
Foreign exchange gain (loss)		(19,383)	(5,659)	(14,128)	7,991
<b>Net and comprehensive loss</b>		\$ (2,178,536)	\$ (1,872,987)	\$ (4,738,765)	\$ (3,433,782)
<b>Loss per share – basic and diluted</b>		\$ (0.03)	\$ (0.03)	\$ (0.07)	\$ (0.07)
<b>Weighted Average Number of Shares Outstanding</b>		65,013,493	60,455,751	63,805,702	50,632,129

*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, 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	5,180,000	2,575,050	-	-	-	2,575,050
Shares issued as finders' fees	8	50,000	50,000	-	-	-	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	-	-	-	(21,739)	-	(21,739)
Compensation warrants	8	-	-	320,471	-	-	320,471
Stock-based compensation	8,10	-	-	365,838	-	-	365,838
Net and comprehensive loss for the period		-	-	-	-	(3,433,782)	(3,433,782)
<b>Balance, July 31, 2021</b>		<b>50,006,270</b>	<b>\$ 8,014,840</b>	<b>\$ 1,110,815</b>	<b>\$ 109,768</b>	<b>\$(11,171,457)</b>	<b>\$ (1,936,034)</b>
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	3,500,000	2,776,671	229,656	-	-	3,006,327
Repayment of convertible debt	7,8	810,000	406,809	-	(16,305)	-	390,504
Compensation warrants	8	-	-	35,024	-	-	35,024
Warrant exercise	8	100,000	64,000	-	-	-	64,000
Fair value reallocation on warrant exercise	8	-	5,596	(5,596)	-	-	-
Options forfeited		-	-	(44,795)	-	44,795	-
Stock-based compensation	8,10	-	-	402,248	-	-	402,248
Net and comprehensive loss for the period		-	-	-	-	(4,738,765)	(4,738,765)
<b>Balance, July 31, 2022</b>		<b>65,013,493</b>	<b>\$ 20,482,021</b>	<b>\$ 2,579,244</b>	<b>\$ 88,029</b>	<b>\$(22,079,206)</b>	<b>\$ 1,070,088</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)

	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Cash provided by (used in):		
Operating activities		
Net loss	\$ (4,738,765)	\$ (3,433,782)
Item not effecting cash:		
Interest expense and accretion	42,881	154,781
Shares for services	-	228,000
Finance expense	89,680	90,794
Stock-based compensation	402,248	415,838
Changes in non-cash working capital items:		
Accounts receivable	(268,832)	(105,348)
Prepaid expenses	319,355	(37,340)
Accounts payable and accrued liabilities	(364,268)	371,694
Deferred revenue	108,814	-
Net cash used in operating activities	(4,408,887)	(2,315,363)
Financing activities		
Proceeds from issuance of shares, net of issue costs	2,951,671	2,525,050
Loan repayment	(48,647)	(525,000)
Proceeds from warrant exercises	64,000	-
Net cash provided by financing activities	2,967,024	2,000,050
Decrease in cash	(1,441,863)	(315,313)
Cash, beginning	2,940,996	456,179
Cash, ending	\$ 1,499,133	\$ 140,866
Non-cash transactions:		
Shares issued for repayment of convertible debt	\$ 406,809	\$ -

*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 six months ended July 31, 2022 and 2021

(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 1008-550 Burrard Street, Vancouver, British Columbia, V6C 2B5. 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 condensed consolidated interim 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 July 31, 2022, 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.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 26, 2022.

### **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, 2022 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.

## MINEHUB TECHNOLOGIES INC.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

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

##### (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 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.

##### (e) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Minehub (USA) Inc. and Minehub Technologies Netherlands B.V. All inter-company balances and transactions have been eliminated upon consolidation.

#### 3. 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, 2022, the Company engaged IBM Netherland B.V. ("IBM") and other various vendors to continue in the development process of the platform. During the six months ended July 31, 2022, the Company incurred development costs of \$1,173,356 (2021 - \$1,338,679) (Note 5) with IBM.

#### 4. Receivables

	July 30, 2021	January 31, 2022
Sales taxes recoverable	\$ 115,677	\$ 191,135
Accounts receivable	\$ 344,290	-
Total	<b>\$ 459,967</b>	<b>\$ 191,135</b>



**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

**5. Trade payables and accrued liabilities**

	<b>July 31, 2022</b>	<b>January 31, 2022</b>
Trade payables (Note 10)	\$ 128,123	\$ 143,483
IBM (Note 3)	-	387,572
Accrued liabilities (Note 10)	166,136	127,472
	<b>\$ 294,259</b>	<b>\$ 658,527</b>

**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)).

(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 bore interest at 10% per annum and was repayable on or before March 31, 2022. During the six months ended July 31, 2022, the Company accrued \$Nil of interest (2021: \$7,659). 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) 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:

	<b>July 31, 2022</b>	<b>January 31, 2022</b>
Balance, beginning	\$ -	\$ 252,766
Loan repayments	-	(306,712)
Interest accrued	-	39,646
Loss on debt settlement	-	14,300
Balance, ending	<b>\$ -</b>	<b>\$ -</b>

## MINEHUB TECHNOLOGIES INC.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 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)). As at July 31, 2022, the convertible debenture has fully matured. 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, 2023.

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.

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

		July 31, 2022	January 31, 2022
Balance, beginning	\$	788,014	\$ 752,547
Loans amount converted or assigned (Notes 7 (c,d))		-	(40,000)
Accretion of convertible debenture		21,826	36,563
Interest accrued		18,779	38,904
Balance, ending	\$	828,619	\$ 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 (Note 8). 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. 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

**MINEHUB TECHNOLOGIES INC.**

## Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

**7. Convertible debt (continued)**

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

	July 31, 2022		January 31, 2022	
Balance, beginning	\$	422,003	\$	898,681
Amount advanced (repaid)		(48,647)		(525,000)
Loan amounts converted		(358,746)		(138,739)
Equity component of convertible debenture		(16,305)		27,173
Warrant component of convertible debenture		-		-
Accretion of convertible debenture		-		95,676
Interest accrued		1,695		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:

	July 31, 2022		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.

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

	July 31, 2022		January 31, 2022	
Balance, beginning	\$	20,404	\$	-
Loans amount assigned (Note 7(a))		-		20,000
Interest accrued		495		404
Balance, ending	\$	20,899	\$	20,404

**8. Share capital***Authorized share capital*

Unlimited common shares without par value.

*Issued share capital*

At July 31, 2022, there were 65,013,493 issued and fully paid common shares (January 31, 2022 – 60,603,493).

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

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

#### *Share issuance*

##### Six Months Ended July 31, 2022:

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 \$15,000 in principal and \$455 in accrued interest 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. Pursuant to the exercise, a fair value reallocation between reserves and share capital in the amount of \$5,596 was made.

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 \$147,522 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.

##### Six Months July 31, 2021:

On February 8, 2021, the Company cancelled 500,000 common shares originally issued to a founder of the Company at \$0.0001 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 interim statement of financial position. During the six months ended July 31, 2021, the Company recognized \$20,833 in finance expense based on the services provided during the period. 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 six months ended July 31, 2021, the Company recognized \$39,000 in consulting fees based on the services provided during the period.

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.

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.

## MINEHUB TECHNOLOGIES INC.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 8. Share capital (continued)

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. As at July 31, 2021, the proceeds were recorded as restricted cash and subscriptions received in advance on the condensed consolidated interim statement of financial position. 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 \$76,174 in connection with the placement, all of which are included with prepaid expenses as deferred financing costs on the condensed consolidated interim statement of financial position as at July 31, 2021.

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.

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.

#### *Escrow*

At July 31, 2022, there were 8,834,881 shares in escrow (January 31, 2022 – 12,621,259). These shares began being released 15% every 3 months beginning September 2022.

#### *Warrants*

Warrant transactions are summarized as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
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	1,942,500	\$ 1.48
Exercised	(100,000)	\$ 0.64
Warrants outstanding, July 31, 2022	7,752,721	\$ 0.78

**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

**8. Share capital (continued)**

Details of warrants outstanding as at July 31, 2022 are as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance, end of year</b>
\$0.50	October 13, 2022	195,311
\$0.64	October 13, 2022	195,313
\$0.50	October 28, 2022	261,120
\$0.50	November 14, 2022	2,215,200
\$0.75	January 21, 2023	150,000
\$0.50	January 31, 2023	176,000
\$0.50	March 31, 2023	240,000
\$0.50	April 29, 2023	80,000
\$0.25	September 7, 2022	500,000
\$0.50	September 7, 2022	500,000
\$0.50	March 1, 2023	700,000
\$1.00	September 7, 2022	72,000
\$1.00	August 26, 2023	515,277
\$1.50	July 31, 2023	10,000
\$0.50	July 23, 2023	30,000
\$1.50	April 1, 2024	1,912,500
		<b>7,752,721</b>

At July 31, 2022, the weighted-average remaining contractual life of warrants outstanding was 0.71 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 \$25,623 in finance expense on the condensed consolidated interim statement of comprehensive loss during the six months ended July 31, 2022 (2021 - \$70,350) 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 in finance expense on the condensed consolidated interim statement of comprehensive loss during the three months ended July 31, 2022 (2021 - \$67,127) in accordance with the vesting of the compensation warrants.

## MINEHUB TECHNOLOGIES INC.

### Notes to Condensed Consolidated Interim Financial Statements

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#### 8. Share capital (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 six months ended July 31, 2022, the Company recognized \$70,748 in finance expense on the condensed consolidated interim statement of comprehensive loss (2021 - \$38,124).

#### *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	260,000	0.54
Cancelled	(85,000)	0.85
Options outstanding, July 31, 2022	5,770,000	\$ 0.43
Options exercisable, July 31, 2022	3,551,250	\$ 0.35

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 and the Company recognized \$2,695 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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.

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 and the Company recognized \$106,555 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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.

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

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

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 and the Company recognized \$145,267 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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.

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 and the Company recognized \$Nil in stock-based compensation expense for the portion of options vested during the year ended January 31, 2022, 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.

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 and the Company recognized \$36,404 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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.

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 \$54,444 and the Company recognized \$28,091 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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 74% and dividend yield of \$Nil.

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 \$25,306 and the Company recognized \$144 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2022, 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 74% and dividend yield of \$Nil.

During the six months ended July 31, 2022, the Company recorded \$402,248 (2021 - \$415,838) in stock-based compensation expense, including \$83,092 in stock-based compensation expense recognized for stock options previously granted.



## MINEHUB TECHNOLOGIES INC.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

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### 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:

	Three Months Ended July 31		Six Months Ended July 31,	
	2022	2021	2022	2021
Administrative services	\$ 15,000	\$ -	\$ 30,000	\$ -
Management fees	135,231	159,636	265,443	290,889
Payroll expenses	45,107	27,205	82,231	54,869
	\$ 195,338	\$ 186,841	\$ 377,674	\$ 345,759

### 10. Related party transactions (continued)

Key management compensation is as follows:

	Three Months Ended July 31		Six Months Ended July 31,	
	2022	2021	2022	2021
Aggregate compensation	\$ 195,338	\$ 186,841	\$ 377,674	\$ 345,759
Stock-based compensation (Note 8)	27,772	197,083	59,053	259,643
	\$ 223,110	\$ 383,924	\$ 436,727	\$ 605,402

At July 31, 2022, included in accounts payable and accrued liabilities is \$Nil (January 31, 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).

### 11. 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.

**MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

**11. 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, GBP and Euros. 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	
	July 31, 2022	January 31, 2022
Cash	\$ 18,438	\$ 17,230
Accounts payable	(5,354)	(40,070)
	\$ 13,084	\$ (22,840)

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

	As at	
	July 31, 2022	January 31, 2022
Cash	\$ 440,904	\$ 398,043
Receivables	130,592	141,975
Accounts payable	(17,295)	(412,717)
	\$ 554,201	\$ 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	
	July 31, 2022	January 31, 2022
Accounts payable	\$ (104,246)	\$ -
	\$ (104,246)	\$ -

Based on the above net exposures, as at July 31, 2022, a 5% change in the US dollar to the Canadian dollar, Euro to the Canadian dollar, and British Pound Sterling to the Canadian dollar would impact the Company's net loss by \$500, 1,500, and \$6,000, respectively (January 31, 2022 - \$1,000, \$6,000 and \$Nil, respectively).

## **MINEHUB TECHNOLOGIES INC.**

Notes to Condensed Consolidated Interim Financial Statements

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### **11. Financial instruments and risks (continued)**

#### (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.

### **12. 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.