MINEHUB TECHNOLOGIES INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended July 31, 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	**July 31, 2023 (Unaudited)**	**January 31, 2023**
Assets			
Current assets			
Cash		$ 998,036	$ 1,153,102
Receivables	5	762,903	281,326
Prepaid expenses	9,11	147,899	147,010
Total current assets		1,908,838	1,581,438
Intangible assets	6	466,277	-
Goodwill	6	342,695	-
Total assets		**$ 2,717,810**	**$ 1,581,438**
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	7,11	$ 1,124,092	$ 633,884
Convertible debt	8	806,443	842,348
Deferred revenue and other income	12	704,307	155,488
Total liabilities		2,634,842	1,631,720
Shareholders' equity			
Share capital	9	26,451,453	22,901,097
Equity component of convertible debt reserve	9,10	88,029	88,029
Equity compensation reserve	9,10	2,218,301	2,349,144
Deficit		(28,674,815)	(25,388,552)
Total shareholders' equity		82,968	(50,282)
Total liabilities and shareholders' equity		**$ 2,717,810**	**$ 1,581,438**

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, 2023	Three Months Ended July 31, 2022	Six Months Ended July 31, 2023	Six Months Ended July 31, 2022
Revenue	12	$ 375,071	$ 19,826	$ 716,707	$ 19,826
Expenses					
Payroll expenses	11	$ 1,187,828	$ 301,172	$ 1,949,198	$ 529,124
Office and miscellaneous		397,883	473,208	992,780	869,556
Consulting	11	171,797	365,327	480,334	862,495
Professional fees		135,514	51,465	443,178	71,391
Marketing		136,207	65,906	326,154	258,895
Administrative services	11	166,401	49,128	245,328	64,128
Management fees	11	91,088	135,231	171,952	265,443
Development costs	4	6,498	436,967	141,940	1,173,356
Travel		15,834	30,137	68,887	68,931
Regulatory fees		17,508	2,853	52,805	30,239
Stock-based compensation	9,11	146,681	165,011	268,316	402,248
Interest and accretion expense	8	30,117	20,891	54,099	42,884
Finance expense	9	-	81,683	20,177	105,773
Amortization	6	34,476	-	51,714	-
Total operating expenses		2,537,832	2,178,979	5,266,862	4,744,463
Net loss from operations		(2,162,761)	(2,159,153)	(4,550,155)	(4,724,637)
Other income (expenses)					
Other income	12	690,807	-	690,807	-
Gain on debt remeasurement	8	-	-	90,006	-
Foreign exchange gain (loss)		(54,123)	(19,383)	(67,090)	(14,128)
Total other income (expenses)		636,684	(19,383)	713,723	(14,128)
Net and comprehensive loss		$ (1,526,077)	$ (2,178,536)	$ (3,836,432)	$ (4,738,765)
Loss per share – basic and diluted		$ (0.02)	$ (0.03)	$ (0.04)	$ (0.07)
Weighted Average Number of Shares Outstanding		92,691,214	65,013,493	88,009,130	63,805,702

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)

		Share Capital					
	Notes	Number of Shares	Amount	Equity Compensation Reserve	Equity Component of Convertible Debt Reserve	Deficit	Total Shareholders' Equity
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	2,776,671	229,656	-	-	3,006,327
Repayment of convertible debt	8,9	810,000	406,809	-	(16,305)	-	390,504
Compensation warrants	9	-	-	35,024	-	-	35,024
Warrant exercise	9	100,000	64,000	-	-	-	64,000
Fair value reallocation on warrant exercise	9	-	5,596	(5,596)	-	-	-
Options forfeited	9			(44,795)	-	44,795	-
Stock-based compensation	9,11	-	-	402,248	-	-	402,248
Net and comprehensive loss for the period		-	-	-	-	(4,738,765)	(4,738,765)
Balance, July 31, 2022		65,013,493	$ 20,482,021	$ 2,579,244	$ 88,029	$(22,079,206)	$ 1,070,088
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	9,075,000	1,844,250	-	-	-	1,844,250
Shares issued pursuant to acquisition	3,9	8,176,634	1,706,106	-	-	-	1,706,106
Warrants issued with shares	9	-	-	142,625	-	-	142,625
Compensation warrants	9	-	-	8,385	-	-	8,385
Fair value reclass of expired compensation warrant	9	-	-	(211,626)	-	211,626	-
Fair value reclass of expired options	9	-	-	(338,543)	-	338,543	-
Stock-based compensation	9,11	-	-	268,316	-	-	268,316
Net and comprehensive loss for the period		-	-	-	-	(3,836,432)	(3,836,432)
Balance, July 31, 2023		94,865,127	$ 26,451,453	$ 2,218,301	$ 88,029	$(28,674,815)	$ 82,968

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, 2023	Six Months Ended July 31, 2022
Cash provided by (used in):		
Operating activities		
Net loss	$ (3,836,432)	$ (4,738,765)
Item not effecting cash:		
Interest expense and accretion	54,099	42,881
Amortization	51,714	-
Finance expense	20,178	89,680
Stock-based compensation	268,316	402,248
Gain/loss on debt remeasurement	(90,006)	-
Changes in non-cash working capital items:		
Accounts receivable	(326,754)	(268,832)
Prepaid expenses	46,067	319,355
Accounts payable and accrued liabilities	453,859	(364,268)
Deferred revenue and other income	(419,564)	108,814
Net cash used in operating activities	(3,778,523)	(4,408,887)
Investing activities		
Cash acquired in acquisition	668,199	-
Net cash provided by investing activities	668,199	-
Financing activities		
Proceeds from issuance of shares, net of issue costs	1,986,875	2,951,671
Proceeds from development agreement	968,383	-
Loan repayment	-	(48,647)
Proceeds from warrant exercises	-	64,000
Net cash provided by financing activities	2,955,258	2,967,024
Decrease in cash	(155,066)	(1,441,863)
Cash, beginning	1,153,102	2,940,996
Cash, ending	$ 998,036	$ 1,499,133
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

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 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, 2023, the Company has generated minimal revenues and has incurred losses since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern, and such adjustments could be material.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 30, 2023.

2. Material accounting policy information

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended January 31, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective February 1, 2023 and did not have a material impact on the Company's condensed consolidated interim financial statements.

2. Material accounting policy information (continued)

(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.

(d) Material 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.

(Expressed in Canadian dollars)

2. Material accounting policy information (continued)

(d) Material judgments (continued)

- The fair value of assets acquired and liabilities assumed from business combination and useful lives of acquired identifiable intangible assets.

- Basis of consolidation

These condensed 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 intercompany 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.

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.

(Expressed in Canadian dollars)

3. Business Combination (continued)

In connection with the transaction, the company incurred $316,813 of acquisition costs, which are expensed in the condensed consolidated 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 $274,225 and $478,511 for the three and six months ended July 31, 2023, respectively, and net and comprehensive loss of $849,710 and $1,325,608 during the three and six months ended July 31, 2023, respectively. If the Waybridge acquisition had been effective on February 1, 2023, the consolidated pro forma revenue is estimated to be $830,976 and pro forma net and comprehensive loss is estimated to be $4,365,007 for the six months ended July 31, 2023.

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, 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, 2023, the Company incurred development costs of $80,086 (2022 - $1,173,356) (Note 7) with IBM.

5. Receivables

The Company's trade and sales tax receivables are comprised of the following:

		July 31, 2023		January 31, 2023
Accounts Receivable	$	708,570	$	213,605
Sales taxes recoverable		54,333		67,721
	$	762,903	$	281,326

(Expressed in Canadian dollars)

6. Intangible assets and goodwill

	Customer Relationships	Technology	Total
Cost			
Balance, January 31, 2023	-	-	-
Additions	257,250	260,741	517,991
Balance, July 31, 2023	257,250	260,741	517,991
Accumulated amortization			
Balance, January 31, 2023	-	-	-
Amortization	(32,157)	(19,557)	(51,714)
Balance, July 31, 2023	(32,157)	(19,557)	(51,714)
Net book value			
Balance, January 31, 2023	-	-	-
Balance, July 31, 2023	225,093	241,184	466,277

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 six-month period ended July 31, 2023.

7. Trade payables and accrued liabilities

The Company’s trade and other payables are comprised of the following:

	July 31, 2023	January 31, 2023
Trade payables (Note 11)	$ 969,266	$ 339,354
IBM (Note 4)	-	64,564
Accrued liabilities (Note 11)	154,826	229,966
	$ 1,124,092	$ 633,884

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 a 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.

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.

(Expressed in Canadian dollars)

8. Convertible debt (continued)

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:

		July 31, 2023		January 31, 2023
Balance, beginning	$	821,570	$	788,014
Change in fair value on extension		(87,638)		(51,661)
Accretion of convertible debenture		33,944		47,821
Interest accrued		18,777		37,396
Balance, ending	$	786,653	$	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 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 9). The remaining $48,647 of accrued interest was paid in cash.

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

		July 31, 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	$	-	$	-

(Expressed in Canadian dollars)

8. Convertible debt (continued)

(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:

		July 31, 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:

		July 31,2023		January 31, 2023
Balance, beginning	$	20,778	$	20,404
Change in fair value on extension		(2,368)		(1,250)
Accretion		880		624
Interest accrued		500		1,000
Balance, ending	$	19,790	$	20,778

9. Share capital

Authorized share capital

Unlimited common shares without par value.

Issued share capital

At July 31, 2023, there were 94,865,127 issued and fully paid common shares (January 31, 2023 – 77,613,493).

Share issuance

Six Months Ended July 31, 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,

(Expressed in Canadian dollars)

9. Share capital (continued)

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.

On June 9, 2023, the Company issued 5,000,000 common shares and 2,500,000 share purchase warrants for gross proceeds of $1,000,000 pursuant to the closing of a non-brokered private placement. Using the residual value method, the value of the share purchase warrants was $Nil.

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 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 July 31, 2023 and January 31, 2023 there were 13,233,795 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 started being released at 12.5% every 3 months.

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	4,605,000	$ 0.40
Exercised	-	$ -
Expired	(1,060,000)	$ 0.50
Warrants outstanding, July 31, 2023	7,330,277	$ 0.72

(Expressed in Canadian dollars)

9. Share capital (continued)

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

Exercise Price	Expiry Date	Balance, end of year
$1.00	August 26, 2023	515,277
$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
$0.40	June 9, 2025	2,500,000
		7,330,277

At July 31, 2023, the weighted-average remaining contractual life of warrants outstanding was 1.32 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 six months ended July 31, 2023 (July 31, 2022 - $25,623) 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 six months ended July 31, 2023 (July 31, 2022 - $9,402) in accordance with the vesting of the compensation warrants.

On March 1, 2021, the Company issued 700,000 compensation warrants in exchange for services at an exercise price of $0.50 per share with an expiry date of March 1, 2023. The compensation warrants vest immediately. The total fair value of the compensation warrants was determined to be $182,995 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.49%; expected life of 2 years; expected volatility of 100% and dividend yield of $Nil. The Company recognized $182,995 in prepaid expense and is amortizing the prepaid expense over the service period of two years. During the six months ended July 31, 2023, the Company recognized $11,792 in finance expense on the condensed consolidated interim statement of comprehensive loss (July 31, 2022 - $70,748).

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

(Expressed in Canadian dollars)

9. Share capital (continued)

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	2,860,000	0.27
Cancelled	(1,110,000)	0.65
Options outstanding, July 31, 2023	8,325,000	$ 0.32
Options exercisable, July 31, 2023	4,957,500	$ 0.32

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 $9,633 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023 (six months ended July 31, 2022 - $34,148).

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 $8,978 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023 (six months ended July 31, 2022 - $191).

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 $21,712 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023.

On December 5, 2022, the Company granted 600,000 stock options, which are exercisable at $0.255 for a period of 5 years. The options vest in four equal parts over two years ending December 5, 2024. The total value of the options on grant date was $120,059, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.37%; expected life of 5 years; expected volatility of 110.9% and dividend yield of $Nil. The Company recognized $52,849 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023.

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

9. Share capital (continued)

and dividend yield of $Nil. The Company recognized $16,923 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 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 $135,778 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023.

On June 6, 2023, the Company granted 600,000 stock options, which are exercisable at $0.20 for a period of 5 years. The options vest immediately. The total value of the options on grant date was $123,836, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.61%; expected life of 5 years; expected volatility of 116.7% and dividend yield of $Nil. The Company recognized $123,836 in stock-based compensation expense during the six months ended July 31, 2023.

On June 15, 2023, the Company granted 300,000 stock options, which are exercisable at $0.25 for a period of 5 years. The options vest in two equal parts over one year ending June 15, 2024. The total value of the options on grant date was $53,577, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.61%; expected life of 5 years; expected volatility of 116.4% and dividend yield of $Nil. The Company recognized $10,100 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023.

On July 17, 2023, the Company granted 400,000 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 17, 2025. The total value of the options on grant date was $81,519, determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.85%; expected life of 5 years; expected volatility of 118.4% and dividend yield of $Nil. The Company recognized $3,239 in stock-based compensation expense for the portion of options vested during the six months ended July 31, 2023.

During the six months ended July 31, 2023, the Company recorded $268,316 (2022 - $402,248) in stock-based compensation expense. During the six months ended July 31, 2023, 1,100,000 options expired, accordingly $338,543 was transferred to deficit. In the six months ended July 31, 2022, 85,000 options expired, accordingly $44,795 was transferred to deficit.

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.

(Expressed in Canadian dollars)

11. Related party transactions

Related party transactions are as follows:

	Three Months Ended July 31 2023	2022	Six Months Ended July 31, 2023	2022
Administrative, consulting, and management expenses	$ 126,682	$ 150,231	$ 257,351	$ 295,443
Payroll expenses	55,944	45,107	55,944	82,231
	$ 182,626	$ 195,338	$ 313,295	$ 377,674

Key management compensation is as follows:

	Three Months Ended July 31, 2023	2022	Six Months Ended July 31, 2023	2022
Aggregate compensation	$ 182,626	$ 195,338	$ 313,295	$ 377,674
Stock-based compensation (Note 9)	40,998	27,772	61,350	59,053
	$ 223,624	$ 223,110	$ 374,645	$ 436,727

At July 31, 2023, included in accounts payable and accrued liabilities is $2,000 (January 31, 2022 - $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.

At July 31, 2023, included in prepaid expenses is $5,250 (January 31, 2022 - $Nil) paid to directors and officers or companies controlled by directors and officers.

12. Revenue and other income

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

	Three Months Ended July 31, 2023	2022	Six Months Ended July 31, 2023	2022
Software as a service revenue	$ 300,383	$ 19,826	$ 536,101	$ 19,826
Professional services	74,688	-	180,606	-
	$ 375,071	$ 19,826	$ 716,707	$ 19,826

On May 16, 2023, the Company entered into a Concentrates Application Development Agreement with Sumitomo Corporation under which Sumitomo agreed to fund future development costs subject to certain terms, conditions, and covenants. The Company received $968,383 from Sumitomo in the three months ended July 31, 2023 representing the full amount of funding to be provided. The funding is recognized into Other Income concurrent with the expenses for which the funding was intended are incurred. To date, $690,807 has been recognized in Other Income.

12. Revenue and other income (continued)

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

	July 31, 2023	January 31, 2023
Balance, beginning	$ 155,488	$ -
Increase due to customer invoices issued, excluding amounts recognized as revenue during the period	426,729	155,488
Increase due to development costs funding received, excluding amounts recognized as other income during the period	277,578	-
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(155,488)	-
Balance, ending	$ 704,307	$ 155,488
Deferred revenue	426,731	155,488
Deferred other income	277,576	-

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, GBP and Euros. has significant liabilities denominated in foreign currencies; therefore, foreign exchange risk is assessed as high.

13. Financial instruments and risks (continued)

(d) Foreign exchange rate risk (continued)

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

	As at July 31, 2023	As at January 31, 2023
Cash	$ 615,480	$ 5,792
Receivables	708,570	213,605
Accounts payable	(8,526)	(31,135)
	$ 1,315,524	$ 188,262

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

	As at July 31, 2023	As at January 31, 2023
Cash	$ 16,510	$ 60,391
Receivables	2,346	10,724
Accounts payable	111	(128,763)
	$ (18,967)	$ (57,648)

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, 2023	As at January 31, 2023
Cash	$ 150	$ -
Receivables	5,528	-
Accounts payable	(608,606)	(186,278)
	$ (602,928)	$ (186,278)

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

	As at July 31, 2023	As at January 31, 2023
Cash	$ 10,929	$ 21,829
Accounts payable	(7,243)	(5,518)
	$ 3,686	$ 16,311

13. Financial instruments and risks (continued)

(d) Foreign exchange rate risk (continued)

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

	As at July 31, 2023	As at January 31, 2023
Cash	$ 24,153	$ 23,397
Accounts payable	(3,484)	(975)
	$ 20,669	$ 22,422

Based on the above net exposures, as at July 31, 2023, a 5% change in the US dollar to the Canadian dollar, Euro to the Canadian dollar, British Pound Sterling to the Canadian dollar, Singaporean dollar to the Canadian dollar, and Chinese Renminbi to the Canadian dollar would impact the Company's net loss by $66,000, $1,000, $30,200, $200 and $1,100 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.

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 August 8, 2023, the Company granted 190,000 stock options, which were exercisable at $0.35 per share for a period of 5 years. The options vest in four equal parts over 2 years ending August 8, 2025.