

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2022
(IN CANADIAN DOLLARS)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated 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 the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

EMPATHO HOLDINGS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2022

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EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars - Unaudited)

As at

	Notes	Jan. 31, 2022 \$	Oct. 31, 2021 \$
ASSETS			
CURRENT			
Cash		1,108,376	231,201
Restricted cash		-	3,017,740
Amounts receivable and prepaids		201,944	137,420
TOTAL ASSETS		1,310,320	3,386,361
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	9	1,018,650	1,431,346
Subscription receipt liability	6 (v)	-	3,138,000
TOTAL LIABILITIES		1,018,650	4,569,346
SHAREHOLDERS' DEFICIT			
Capital stock	6	5,216,773	1,132,188
Contributed surplus	6	904,016	180,739
Accumulated deficit		(5,829,119)	(2,495,912)
		291,670	(1,182,985)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		1,310,320	3,386,361

Nature of Operations and Going Concern (Note 1)

Subsequent events (Note 10)

APPROVED ON BEHALF OF THE BOARD

(signed) "Yan Namer" Yan Namer
Chief Executive Officer

(signed) "Andre Peschong" Andre Peschong
Director

See the accompanying notes to the condensed consolidated interim financial statements

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars - Unaudited)

	Notes	Three months ended January 31	
		2022	2021
		\$	\$
EXPENSES			
Consulting fees	9	133,462	-
Research and development		689,408	-
General and administrative		107,401	8,374
Professional fees		116,389	37,081
Investor relations		165,032	-
Listing expense	5	2,110,814	-
Foreign exchange		10,702	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		3,333,208	45,455
NET LOSS PER SHARE – Basic and diluted		\$ 0.05	\$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted		62,852,697	14,725,000

See the accompanying notes to the condensed consolidated interim financial statements

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN
SHAREHOLDERS' DEFICIT

(All Amounts are in Canadian Dollars - Unaudited)

	Number of Common Shares	Capital Stock	Contributed Surplus	Accumulated Deficit	Shareholders' Deficit
Balance, November 20, 2020	-	\$ -	\$ -	\$ -	\$ -
Issuance of common shares, net of costs	34,200,000	610,427	-	-	610,427
Net loss for the period	-	-	-	(45,455)	(45,455)
Balance, January 31, 2021	34,200,000	610,427	-	(45,455)	(45,455)
Issuance of common shares, net of costs	17,600,000	521,761	-	-	521,761
Issuance of warrants	-	-	180,739	-	180,739
Net loss for the period	-	-	-	(2,450,457)	(2,450,457)
Balance, October 31, 2021	51,800,000	1,132,188	180,739	(2,495,912)	(1,182,985)
Shares issued for RTO transaction	8,200,003	2,050,000	8,602	-	2,050,000
Shares issued for subscription receipts	12,552,000	2,034,585	714,675	-	2,749,260
Net loss for the period	-	-	-	(3,333,208)	(3,333,208)
Balance, January 31, 2022	72,552,003	\$ 5,216,773	\$ 904,016	\$ (5,829,119)	\$ 291,670

See the accompanying notes to the consolidated audited financial statements

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT
OF CASH FLOW
(All Amounts are in Canadian Dollars - Unaudited)

	Three months ended January 31	
	2022	2021
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,333,207)	\$ (45,455)
Listing expense	2,021,434	-
<u>Items not affecting cash:</u>		
Increase in prepaids and receivables	(210,540)	-
Increase in accounts payable	(733,502)	50,924
	<u>(2,255,815)</u>	<u>(5,469)</u>
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	-	610,427
Cash acquired on RTO	115,520	-
Subscription receipts, net of issuance costs	-	-
	<u>115,520</u>	<u>610,427</u>
Change in cash and restricted cash	(2,140,565)	615,896
Opening cash and restricted cash	3,248,941	-
	<u>\$ 1,108,376</u>	<u>\$ 615,896</u>

See the accompanying notes to the consolidated audited financial statements

1. Nature of Organization and Going Concern

Description of the Business

Empatho Corp. (the “Corporation” or “Company”) was incorporated under the Canada Business Corporations Act on November 20, 2020 (“date of incorporation”).

On December 14, 2021, Empatho Holdings Inc. (formerly, Shane Resources Ltd.) completed its previously announced business combination with Empatho Corp. (“Empatho”) by way of a three-cornered amalgamation. Empatho amalgamated with 13348776 Canada Inc. (“Subco”), a wholly owned subsidiary of Empatho Holdings Inc., to form an amalgamated entity named Empatho Corp. (the “Corporation” or “Company”) and the securities of Empatho (the “Empatho Shares”) were exchanged for securities of Empatho Holdings Inc. (the “RTO”). The RTO was completed pursuant to the terms and conditions of an amalgamation agreement dated December 13, 2021 between Empatho, Empatho Holdings Inc. and Subco (the “Amalgamation Agreement”). See Note 5.

Empatho Holding Inc.’s registered office is at 222 Bay Street, P.O. Box 37, Suite 2600, Toronto, Ontario, Canada, M5K 1B7 and head office address is 40 King Street West, Suite 1700 Toronto, Ontario M5H 1H1.

As a result of the RTO, effective December 29, 2021, the Company commenced trading its common shares on the Canadian Securities Exchange (“CSE”) under the symbol “EMPH”. The Company has applied to list its common shares on the OTCQB Venture Market.

The financial statements were authorized for issuance in accordance with a resolution of the directors on February 24, 2022.

Although the Company has commenced operations, it has no assets other than cash and amounts receivable and prepaid balances. The principal business of the Company will be to enhance personal wellbeing through the use of proprietary artificial intelligence.

These consolidated financial statements have been prepared on the basis of a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. The Company has incurred losses since inception and as at January 31, 2022 has working capital of \$291,670 and an accumulated deficit of \$5,829,119. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s October 31, 2021 consolidated audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company’s October 31, 2021 consolidated audited financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending October 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of Measurement

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention except for financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period.

Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 4.

Basis of consolidation

The audited consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(i) Subsidiaries - The following companies have been consolidated within the audited annual consolidated financial statements:

Company	Registered	Principal Activity
Empatho Corp.	Canada	Artificial Intelligence Application
Empatho Labs Inc. ⁽¹⁾	Ontario	Dormant

(1) 100% owned by ultimate shareholder - Empatho Holdings Inc.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. The functional currency of the Company’s subsidiary is also Canadian dollars.

3. Summary of Significant Accounting Policies

The significant accounting policies are unchanged from those in the audited financial statement for the period ended October 31, 2021.

4. Summary of Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Significant estimates and judgements made in preparation of these consolidated financial statements include:

Going Concern

Management applies judgement in its assessment of going concern and uncertainties of the Company’s ability to raise additional capital and/or obtain financing to advance the business.

Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black-Scholes input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Recognition and valuation of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can

be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

5. Reverse Takeover of Empatho Holdings Inc. (formerly Shane Resources Ltd.) (“Shane”) by Empatho Corp.

On December 13, 2021, the Company completed an RTO transaction with Shane (Note 1), whereby Shane acquired 100% of the issued and outstanding common shares of Empatho Corp.

Pursuant to the Transaction, Shane consolidated all of its common shares ("Shane Shares") on the basis that its outstanding shares were 4,000,003 prior to the Amalgamation. Shane shareholders also converted 200,000 post-consolidated stock options. Upon completion of the transaction, an additional 4,000,000 Post-Consolidated Shares ("Finder Shares") were issued to finders at no additional cost to the finders. Upon closing of the Transaction, the shareholders of Empatho Corp. owned 86% of the common shares of the amalgamated company and, as a result, the Transaction is considered a reverse acquisition of Shane by Empatho Corp.

For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of the Empatho Corp. obtained control of Shane. However, as Shane does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

- a. The consolidated financial statements of the combined entity are issued under the legal parent, Shane, but are considered a continuation of the financial statements of the legal subsidiary, Empatho Corp.
- b. As Empatho Corp. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- c. Since the shares allocated to the former shareholders of Shane on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Shane acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

The fair value of the consideration for all the shares of Shane was calculated as follows:

The fair value of the 4,000,003 common shares of Shane was determined to be \$1,000,000, based on \$0.25 per common share. The fair value of the 200,000 common shares of Shane received on exercise of options was determined to be \$50,000, based on \$0.25 per common share. The fair value of the 4,000,000 finder shares of Shane was determined to be \$1,000,000, based on \$0.25 per common share.

The fair value of 81,287 post-RTO warrants of Shane was estimated at \$8,602 using the Black-Scholes Option Pricing Model using the following assumptions: share price of \$0.25; expected dividend yield 0%; risk-free interest rate of 0.32%; volatility of 100% and an expected life of two and one half years.

- d. The fair value of all the consideration given and charged to listing expense was comprised of:

Consideration of Shane Shares	\$ 1,000,000
Consideration of options	50,000
Consideration of warrants	8,602
Total consideration	<u>1,058,602</u>
Less: net assets assumed	(37,168)
Unidentified assets	<u>\$ 1,021,434</u>
Unidentified assets (see above)	\$ 1,021,434
Consideration of Finder Shares	1,000,000
Legal and transaction costs	89,380
Total listing expenses	<u>\$ 2,110,814</u>

6. Capital Stock

Common Shares

The Company is authorized to issue an unlimited number of common shares.

At January 31, 2022 the issued share capital amounted to \$5,216,773. The change in the share capital for the periods was as follows:

	<u>Number</u>	<u>Capital Stock</u> \$	<u>Contributed Surplus</u> \$
Balance, November 20, 2020	-	-	-
Shares issued on incorporation (i)	100,000	2,000	-
Founder shares for cash, net of issuance costs (ii)	26,750,000	483,966	-
Shares for cash, net of issuance costs (iii)	7,350,000	124,461	-
Balance, January 31, 2021	34,200,000	610,427	-
Issue of warrants	-	-	180,739
Founder shares for cash, net of issuance costs (ii)	14,450,000	397,539	-
Shares for cash, net of issuance costs (iii)	3,150,000	522,000	-
Balance, October 31, 2021	51,800,000	1,132,188	180,739
Issuances for RTO transaction (iv)	8,200,003	2,050,000	8,602
Shares issued for subscription receipts (v)	12,552,000	2,034,585	714,675
Balance, January 31, 2022	72,552,003	5,216,773	904,016

- i. The Company issued 100,000 shares for cash of \$100 on incorporation. The subscription price of the shares issued on incorporation was later adjusted to \$0.02, resulting in further cash of \$1,900 received.
- ii. During the period ended October 31, 2021, the Company originally issued 41,200,000 common shares at a price of \$0.005 per common share for gross proceeds of \$206,000. The subscription price of the Founder shares was later adjusted and further balances of \$402,188, net of costs of \$12,696 were received.
- iii. During the period ended October 31, 2021, the Company raised \$525,000 via subscriptions at a price of \$0.05 per share. Costs of \$3,000 were incurred related to this placement.
- iv. The Company issued 8,200,003 common shares related to the RTO Transaction, at a share price of \$0.25, as follows:
 - 4,000,003 shares on consolidation of the existing shares, at a price of \$1,000,000,
 - 200,000 shares on conversion of stock options prior to the RTO Transaction, at a value of \$50,000,
 - 4,000,000 finder shares, at a price of \$1,000,000.
- v. The Company issued 12,552,000 subscription receipts at \$0.25 per share, for gross proceeds of \$3,138,000. Each subscription receipt was exchanged for a unit of the Company when it became publicly traded. Each unit contains one share and one share purchase warrant. Each warrant will be exercisable at a price of \$0.50 until June 29, 2023. Cash costs of \$388,740 have accounted for as \$300,616 in common shares and \$88,124 in warrants to leave net proceeds of \$2,749,260. The Company also issued 1,004,160 finder units exercisable at a price of \$0.25 until June 29, 2023. Each finder unit is comprised of one share and one share purchase warrant exercisable at a price of \$0.50 until June 29, 2023.

Warrants

On June 1, 2021, the Company issued 5,000,000 common share purchase warrants (each referred to herein as a "Founders Warrant") to certain founders, executives and consultants of the Company. Each Founders Warrant is exercisable into one common share of the Company at an exercise price of \$0.02 for a period of two-years, maturing on June 1, 2023. The fair value of these Founders Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumption: Share price of \$0.05; expected dividend yield 0%; risk-free interest rate of 0.32%; volatility of 100% and an expected life of two years. The fair value assigned to these warrants was \$180,738 and was recognized in the statement of loss and comprehensive loss during the period ended October 31, 2021.

On June 29, 2021, the Company issued 12,552,000 subscription units. Each unit contains one share and one share purchase warrant. Each warrant will be exercisable at a price of \$0.50 until June 29, 2023. The fair value of these warrants was estimated on the date of the go public transaction, using the Black-Scholes option pricing model with the following assumption: Share price of \$0.25; expected dividend yield 0%; risk-free interest rate of 0.32%; volatility of 100% and an expected life of one and one half years. The fair value assigned to these warrants, based on the pro

rata value of the shares and warrants, was \$723,277 and this value was recognized in the statement of equity during the period ended January 31, 2022.

On December 14, 2021, the Company issued 81,287 post-consolidation warrants in connection with the RTO transaction. Each warrant will be exercisable at a price of \$0.49 until May 27, 2024. A value of \$8,062 was ascribed to these warrants, using a Black Scholes valuation method and the following inputs; share price of \$0.25; expected dividend yield 0%; risk-free interest rate of 0.32%; volatility of 100% and an expected life of two and one half years.

On December 14, 2021, the Company issued 1,004,160 finder units in connection with the subscription receipts, exercisable at a price of \$0.25 until June 29, 2023. Each finder unit is comprised of one share and one share purchase warrant exercisable at a price of \$0.50 until June 29, 2023.

	<u>January 31, 2022</u>		<u>October 31, 2021</u>	
	<u>Number</u>	<u>Average Exercise Price</u>	<u>Number</u>	<u>Average Exercise Price</u>
Balance, beginning of year	5,000,000	\$0.02	-	-
Issued	13,637,447	\$0.48	5,000,000	\$0.02
Balance, end of period	18,637,447	\$0.36	5,000,000	\$0.02

<u>Number of Warrants</u>	<u>Exercisable Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Expiry Date</u>	<u>Years to Maturity</u>
5,000,000	-	\$0.02	June 1, 2023	1.33
12,552,000	12,552,000	\$0.50	June 29, 2023	1.41
81,287	81,287	\$0.49	May 27, 2024	2.32
1,004,160	1,004,160	\$0.25	June 29, 2023	1.41
18,637,447	13,637,447	\$0.06		1.39

7. Capital Risk Management

The Company manages its capital stock as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends.

The Company expects it will require additional capital resources to continue its operations and execute its plan. Although the Company has commenced discussions to raise additional capital there is no guarantee that the Company will be successful in it raise or that the funds can be acquired on terms favourable to the existing shareholders. The Company is not subject to any externally or internally imposed capital requirements as at January 31, 2022.

The Company's capital under management as at January 31, 2022 is \$5,216,773.

8. Financial Instruments and Risk Management

Risk Management

The Company does not manage risk through the use of hedging transactions. As a part of the overall operation of the Company, management takes steps to avoid undue concentrations of risk. The Company manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities generally have contracted maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Company does not trade in financial instruments and is not exposed to significant interest rate price risk as at January 31, 2022.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may not be able to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company's credit risk is on its cash. Management assesses credit risk related to cash as remote.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk as at January 31, 2022.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Company are not exposed to other price risk as at January 31, 2022.

9. Transactions with Related Parties

Related parties include the Board of Directors, Key Management Personnel, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) and corporate officers of the Company.

Remuneration attributed to key management in the three-month periods ended January 31, 2022 and 2021 can be summarized as follows:

	For the three-month period ended	
	January 31, 2022	January 31, 2021
Consulting fees	\$ 133,462	\$ -
Stock-based compensation	-	-
	\$ 133,462	\$ -

At January 31, 2022, \$16,272 (October 31, 2021 - \$255,284) was payable to key management. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. The amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the period ended October 31, 2021, certain key management participated in private placements completed by the Company, resulting in a total of 9,250,000 common shares issued in exchange for consideration totaling \$139,871.

During the period ended October 31, 2021, a consulting company participated in a private placement completed by the Company, resulting in a total of 12,900,000 common shares issued in exchange for consideration totaling \$386,502. The consulting company who participated in the private placement also earned investor relations fees during the period ended January 31, 2022 of \$135,600 (October 31, 2021 - \$384,200). At January 31, 2022, \$327,700 (October 31, 2021 - \$384,200) was payable to the consulting company, of which \$135,600 was reported as a prepaid asset. During the period ended October 31, 2021, the consulting company also advanced \$81,925 to the Company as a deposit on future products or services to be provided by the Company. The advance is included in accounts payables and accrued liabilities in the consolidated statement of financial position. The consulting company also earned a finder's fee in the form of 1,000,000 finder shares on closing of the business combination.

During the period ended October 31, 2021, certain related parties received a total of 2,925,000 Founders Warrants of the Company (note 6). In connection with the Founders Warrant's issued to related parties, share-based compensation totaling \$105,732 was recognized in the consolidated statement of loss and comprehensive loss.