TEVANO SYSTEMS HOLDINGS INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months ended March 31, 2023 and 2022.

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tevano Systems Holdings Inc. (the "Company") for the interim periods ended March 31, 2023 and 2022, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting,* as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, Saturna Group Chartered Professional Accountants LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 30, 2023

TEVANO SYSTEMS HOLDINGS INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	**March 31, 2023**	June 30, 2022
		$	$
ASSETS			
Current			
Cash		**74,408**	6,187
Receivables	13	**16,974**	19,606
Prepaid expenses	5	**13,279**	45,129
		104,661	70,922
Property and equipment	6	**209**	3,952
Total assets		**104,870**	74,874
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7,13	**917,781**	881,128
Promissory note	8,13	**22,330**	100,000
Deferred revenue		**-**	2,175
Shareholder's loan	13	**7,550**	30,000
		947,661	1,013,303
Convertible promissory notes	10,13	**29,521**	-
Total liabilities		**977,182**	1,013,303
SHAREHOLDERS' DEFICIENCY			
Share capital	11(b)	**13,908,117**	13,622,023
Reserves		**3,167,573**	2,648,809
Share subscription deposits		**-**	100,000
Accumulated other comprehensive income		**6,386**	8,117
Deficit		**(17,954,388)**	(17,317,378)
Total shareholders' deficiency		**(872,312)**	(938,429)
Total liabilities and shareholders' deficiency		**104,870**	74,874

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

Approved and authorized for issue on behalf of the Board.

"/s/ "David Bajwa"	*"/s/ "John Benjamin Sawchuk"*
CEO and Director	Director

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

TEVANO SYSTEMS HOLDINGS INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended March 31,		Nine months ended March 31,	
	Note	**2023**	2022	**2023**	2022
		$	$	**$**	$
Revenue		**-**	1,305	**2,175**	10,540
Cost of sales		**-**	(15,959)	**(4,177)**	(51,218)
Gross loss		**-**	(14,654)	**(2,002)**	(40,678)
Operating expenses					
Consulting fees	13	**60,360**	105,611	**266,620**	335,476
Depreciation	6	**568**	738	**2,044**	31,301
Exchange fees		**3,915**	13,085	**28,367**	26,039
Insurance		**996**	24,580	**5,718**	127,284
Investor relations		**100,455**	47,621	**117,386**	263,685
Marketing		**-**	124	**800**	41,282
Office		**31,516**	41,138	**44,841**	77,738
Professional fees		**42,544**	65,079	**115,988**	639,801
Provision for expected credit losses		**945**	-	**945**	-
Rent		**17,939**	20,162	**58,945**	20,317
Share-based compensation	11(d),13	**195,911**	85,015	**314,616**	645,301
Technology development	12,13	**-**	277,953	**-**	2,019,046
Travel		**176**	10,674	**5,221**	52,133
		455,325	691,780	**961,491**	4,279,403
Operating loss		**(455,325)**	(706,434)	**(963,493)**	(4,320,081)
Other income (expenses)					
Accretion		**(3,347)**	(49,976)	**(6,755)**	(195,171)
Foreign exchange gain (loss)		**520**	4,061	**(14,593)**	(1,417)
Gain on change in fair value of derivative liabilities		**-**	536,617	**-**	591,994
Gain on change in warrant liability		**-**	34,208	**-**	34,208
Gain on debt modification	8	**-**	-	**11,442**	-
Gain (loss) on debt settlement		**44,191**	(23,518)	**53,916**	(14,051)
Gain on shares returned to treasury	11(b)	**-**	-	**-**	244,351
Gain on termination of software development agreement	12	**-**	-	**284,942**	-
Impairment of prepaid and deposit		**-**	-	**-**	(196,047)
Impairment on property and equipment	6	**(1,699)**	-	**(1,699)**	-
Interest expense		**(1,726)**	-	**(3,378)**	(2,387)
Other income		**898**	4,033	**2,608**	6,586
Net loss		**(416,488)**	(201,009)	**(637,010)**	(3,852,015)
Foreign currency translation adjustment		**101**	10,152	**(1,731)**	(5,531)
Comprehensive loss		**(416,387)**	(190,857)	**(638,741)**	(3,857,546)
Net loss per share:					
Basic and diluted		**(0.02)**	(0.01)	**(0.02)**	(0.17)
Weighted average number of common shares:					
Basic and diluted		**25,412,294**	22,192,325	**25,725,478**	22,998,511

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

TEVANO SYSTEMS HOLDINGS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended March 31, 2023	2022
	$	$
Operating activities		
Net loss	**(637,010)**	(3,852,015)
Adjustments to non-cash items:		
Depreciation	**2,044**	31,301
Provision for expected credit losses	**945**	-
Share-based compensation	**314,616**	645,301
Technology development	**-**	1,633,538
Accretion	**6,755**	195,171
Gain on change in fair value of derivative liabilities	**-**	(591,994)
Gain on change in warrant liability	**-**	(34,208)
Gain on debt modification	**(11,442)**	-
(Gain) loss on debt settlement	**(53,916)**	14,051
Gain on shares returned to treasury	**-**	(244,351)
Gain on termination of software development agreement	**(284,942)**	-
Impairment of prepaid and deposit	**-**	196,047
Impairment on property and equipment	**1,699**	-
Interest expense	**3,378**	2,387
Changes to non-cash working capital items:		
Inventory	**-**	(34,120)
Receivables	**1,687**	(15,832)
Prepaid expenses	**31,850**	456,560
Accounts payable and accrued liabilities	**370,263**	306,330
Deferred revenue	**(2,175)**	3,480
Cash used in operating activities	**(256,248)**	(1,288,354)
Financing activities		
Proceeds from units issued - private placement	**302,500**	678,000
Share issuance cost	**(23,850)**	(3,740)
Proceeds from convertible promissory note	**40,000**	-
Proceeds from shareholder loan issued	**7,550**	30,000
Lease payments	**-**	(38,190)
Cash provided by financing activities	**326,200**	666,070
Effect of foreign exchange on cash	**(1,731)**	(5,531)
Change in cash during the period	**68,221**	(627,815)
Cash, beginning of period	**6,187**	677,976
Cash, end of period	**74,408**	50,161
Supplemental cash flow information:		
Cash interest paid	**-**	-
Cash income tax paid	**-**	-
Fair value of shares and units issued for promissory note settlement	**225,809**	550,437
Fair value of shares issued for convertible note settlement	**-**	590,987
Fair value of shares and units issued for convertible promissory notes settlement	**-**	194,866

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

TEVANO SYSTEMS HOLDINGS INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Unaudited - Expressed in Canadian dollars, except numbers of shares)

	Common shares	Share capital	Reserves	Share subscription deposits	Accumulated other comprehensive income	Deficit	Total shareholders' deficiency
	#	$	$	$	$	$	$
Balance, June 30, 2021	21,737,851	10,235,824	1,846,049	25,000	35,901	(12,879,472)	(736,698)
Shares issued - private placement	35,714	25,000	-	(25,000)	-	-	-
Shares issued for Illuria acquisition	3,142,850	1,595,000	-	-	-	-	1,595,000
Shares issued for debt settlement	514,286	1,336,290	-	-	-	-	1,336,290
Shares returned to treasury	(59,501)	(244,351)	-	-	-	-	(244,351)
Units issued - private placement	1,937,142	401,021	-	-	-	-	401,021
Finders' units - private placement	41,429	(7,102)	-	-	-	-	(7,102)
Share issuance cost	-	(3,740)	-	-	-	-	(3,740)
Share-based compensation	-	-	645,301	-	-	-	645,301
Foreign currency translation adjustment	-	-	-	-	(5,531)	-	(5,531)
Net loss	-	-	-	-	-	(3,852,015)	(3,852,015)
Balance, March 31, 2022	27,349,771	13,337,942	2,491,350	-	30,370	(16,731,487)	(871,825)
Reclassification of finders' units - private placement	-	7,102	-	-	-	-	7,102
Reclassification of warrant liability	-	276,979	-	-	-	-	276,979
Share subscription deposits	-	-	-	100,000	-	-	100,000
Share-based compensation	-	-	157,459	-	-	-	157,459
Foreign currency translation adjustment	-	-	-	-	(22,253)	-	(22,253)
Net loss	-	-	-	-	-	(585,891)	(585,891)
Balance, June 30, 2022	27,349,771	13,622,023	2,648,809	100,000	8,117	(17,317,378)	(938,429)
Shares issued for debt settlement	285,714	40,000	-	-	-	-	40,000
Shares returned to treasury	(2,627,993)	(157,680)	-	-	-	-	(157,680)
Units issued - private placement	4,025,000	341,500	61,000	(100,000)	-	-	302,500
Units issued for debt settlement	1,000,000	110,000	105,810	-	-	-	215,810
Finder's warrants issued - private placement	-	(23,876)	23,876	-	-	-	-
Share issuance cost	-	(23,850)	-	-	-	-	(23,850)
Share-based compensation	-	-	314,616	-	-	-	314,616
Equity component of convertible promissory note issued	-	-	13,462	-	-	-	13,462
Foreign currency translation adjustment	-	-	-	-	(1,731)	-	(1,731)
Net loss	-	-	-	-	-	(637,010)	(637,010)
Balance, March 31, 2023	**30,032,492**	**13,908,117**	**3,167,573**	**-**	**6,386**	**(17,954,388)**	**(872,312)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Tevano Systems Holdings Inc. (the "Company") was incorporated under the laws of British Columbia, Canada on March 23, 2000. The Company's head office and principal address is Suite 700 - 838 West Hastings Street, Vancouver, BC, V6C 0A6. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "TEVO" and on the Frankfurt exchange under the symbol "7RB".

a) Share consolidation

On June 13, 2022, the Company completed a consolidation of its common shares on a three and one-half to one basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

b) Going concern

These unaudited condensed interim consolidated financial statements for the three and nine months ended March 31, 2023 and 2022 ("financial statements") have been prepared on a going concern basis which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

As at March 31, 2023, the Company had a working capital deficiency of $843,000 (June 30, 2022 - $942,381) and an accumulated deficit of $17,954,388 (June 30, 2022 - $17,317,378). For the three and nine months ended March 31, 2023, the net loss was $416,488 and $637,010, respectively (2022 - $201,009 and $3,852,015, respectively) and had cash used in operating activities of $256,249 (2022 - $1,288,354). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities and generate sales. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 30, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended June 30, 2022 and 2021 (the "Annual Financial Statements").

2. BASIS OF PREPARATION (continued)

b) Basis of measurement

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars. The functional currency is the currency of the primary economic environment in which an entity operates in. References to “US$” or “US” are to United States dollars. The Company’s subsidiaries, Tevano USA Inc. and Illuria Security Inc., have the United States dollar as its functional currency.

d) Principles of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

These financial statements include the accounts of the Company and its wholly owned subsidiaries, Tevano USA Inc., Tevano Systems Inc., Illuria Security Inc., and 2501415 Alberta Ltd.

e) Critical accounting estimates, judgments, and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

The Company’s interim results are not necessarily indicative of its results for a full year. The significant judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 of the Annual Financial Statements.

f) Reclassification of prior year amount

The Company has reclassified certain items on the condensed interim consolidated statements of cash flows, condensed interim consolidated statement of loss and comprehensive loss, and the condensed interim consolidated statement of changes in shareholder’s deficiency to conform with the current period presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.

(Unaudited - Expressed in Canadian dollars, except where noted

4. ACQUISITION OF ILLURIA SECURITY INC.

On December 17, 2021, Tevano acquired a 100% ownership interest in Illuria Security Inc. ("Illuria"), a cyber security technology development company, for 2,857,136 common shares of Tevano issued to the shareholders of Illuria (the "Illuria Acquisition"). The Illuria Acquisition was structured as a merger between Illuria and Tevano's wholly-owned subsidiary TSH (Delaware) Corp. The Company issued an aggregate of 285,714 common shares to finders in the Illuria Acquisition.

The shares issued as consideration in the Illuria Acquisition had an aggregate fair value on the date of issuance of $1,595,000, comprised of 2,857,136 shares issued to the Illuria shareholders and 285,714 shares issued to the finders valued at the closing market price of Tevano's stock on December 17, 2021 of $0.5075 per share.

The acquisition has been accounted for as an equity-settled share-based payment transaction within the scope of IFRS 2 *Share-based Payment*. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs that together constitute a business did not exist in Illuria at the time of acquisition. As the software developed in Illuria on the date of the acquisition is not functional and does not meet the criteria as a development-phase intangible asset, the consideration in excess of net liabilities acquired was expensed to technology development expense.

A summary of the fair value of net liabilities assumed and the purchase price at the December 17, 2021 acquisition date is as follows:

	$
Purchase price:	
Fair value of the Company's common shares (2,857,136 shares)	1,450,000
Fair value of the Company's common shares (285,714 shares)	145,000
Total consideration	1,595,000
Net liabilities acquired:	
Accounts payable and accrued liabilities	(38,538)
Total net liabilities	(38,538)
Technology development	**1,633,538**

5. PREPAID EXPENSES

A summary of the Company's prepaid expenses is as follows:

	March 31, 2023	June 30, 2022
	$	$
Legal and professional retainers	**-**	26,066
Consulting fees	**-**	5,450
Marketing and investor relations	**-**	431
Security deposit - lease	**12,529**	11,633
Other prepaid expenses	**750**	1,549
	13,279	45,129

The security deposit pertains to the lease of the Company's head office. The lease is a single year and is expensed in rent expense as the lease meets the IFRS 16 definition of a short-term lease. For the three and nine months ended March 31, 2023, rent expense recognized in connection with short-term and low-value leases was $17,939 and $58,945, respectively (2022 - $20,162 and $20,317, respectively).

(Unaudited - Expressed in Canadian dollars, except where noted

6. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Right-of-use assets	Computer hardware	Furniture, fixtures, and equipment	Total
	$	$	$	$
Cost				
Balance, June 30, 2021	171,242	2,739	10,192	184,173
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	-	2,739	10,192	12,931
Disposal	-	-	(10,192)	(10,192)
Balance, March 31, 2023	**-**	**2,739**	**-**	**2,739**
Accumulated depreciation				
Balance, June 30, 2021	142,155	932	5,096	148,183
Depreciation	29,087	913	2,038	32,038
Disposal	(171,242)	-	-	(171,242)
Balance, June 30, 2022	-	1,845	7,134	8,979
Depreciation	-	685	1,359	2,044
Disposal	-	-	(8,493)	(8,493)
Balance, March 31, 2023	**-**	**2,530**	**-**	**2,530**
Carrying amount				
Balance, June 30, 2022	-	894	3,058	3,952
Balance, March 31, 2023	**-**	**209**	**-**	**209**

During the three and nine months ended March 31, 2023, the Company incurred depreciation of $568 and $2,044, respectively (2022 - $738 and $31,301, respectively).

During the three and nine months ended March 31, 2023, the ending of the Company's office lease resulted in the disposal of furniture, fixtures, and equipment with a cost of $10,192 and accumulated depreciation of $8,493. The disposal resulted in the impairment of $1,699 and $1699, respectively, (2022 - $nil and $nil, respectively) in furniture, fixtures, and equipment, which is included in profit or loss.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	March 31, 2023	June 30, 2022
	$	$
Trade payables	**910,492**	734,897
Technology development costs payable	**-**	127,571
Accrued liabilities	**7,289**	18,660
	917,781	881,128

On September 16, 2022, the Company and Caza, LLC mutually agreed to terminate the technology development agreement (Note 12) and the Company recovered the technology development costs payable. Accordingly, for the three and nine months ended March 31, 2023, the Company recognized a gain on termination of software development agreement of $nil and $127,262, respectively (2022 - $nil and $nil, respectively).

On November 18, 2022, the Company entered into a debt settlement agreement with a related party, in which the Company transferred all of its physical inventory, with a carrying value of $nil to the related party to settle $9,725 of trade payables. Accordingly, for the three and nine months ended March 31, 2023, the Company recognized a gain on debt settlement of $nil and $9,725, respectively (2022 - $nil and $nil, respectively), in profit or loss.

(Unaudited - Expressed in Canadian dollars, except where noted

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

On February 15, 2023, the Company entered into an agreement in which the vendor forgave $170,000 in trades payable. Accordingly, for the three and nine months ended March 31, 2023, the Company recognized a gain on debt settlement of $170,000 (2022 - $nil) in profit or loss.

On February 22, 2023, the Company issued 285,714 common shares with a fair value of $40,000, at $0.14 per common share, to settle $30,000 in trades payable (Note 11(b)). Accordingly, for the three and nine months ended March 31, 2023, the Company recognized a loss on debt settlement of $10,000 (2022 - $nil) in profit or loss.

8. PROMISSORY NOTE

A summary of the Company's promissory note is as follows:

	$
Balance, June 30, 2021	525,113
Issuance of non-convertible promissory note	100,000
Accretion	25,324
Settlement of promissory note	(550,437)
Balance, June 30, 2022	100,000
Issuance of non-convertible promissory note	18,558
Accretion	3,772
Settlement of non-convertible promissory note	(100,000)
Balance, March 31, 2023	**22,330**

On December 3, 2018, pursuant to a contribution agreement, the Company issued a promissory note for $583,147 to INEX for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution. The promissory note is interest-free and repayable on January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note is convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.105 per common share or (ii) the thirty-day weighted average price of the common shares if the Company is listed on a designated stock exchange. On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the promissory note, convertible note (Note 9), and a convertible promissory note (Note 10) were settled for 514,286 common shares (Note 11).

On initial recognition, the Company discounted the face value of the promissory note payable at a market interest rate of 8%, and $157,219 was recorded as interest benefit in reserves. Subsequent measurement of the promissory note is at amortized cost.

On February 25, 2022, the Company entered into a separate debt settlement agreement with INEX and issued a non-convertible promissory note for $100,000 for the settlement of $76,482 (US$60,000) of trade payables to INEX, resulting in a loss on settlement of debt of $23,518. The promissory note is interest-free and repayable on the earlier of (1) within five business days of raising a minimum of $2,500,000 in private placement financing, and (2) December 31, 2022. The promissory note is currently outstanding and due on demand.

On October 23, 2022, the Company and an officer of the Company agreed to amend and restate the terms of an existing shareholder's loan of $30,000. The Company agreed to issue a promissory note with an interest rate of 10% per annum and a maturity date of December 31, 2023. On initial recognition, the Company discounted the face value of the promissory note at a discount rate of 30% and $11,442 was recorded as gain on debt modification on the profit or loss. Subsequent measurement of the promissory note is at amortized cost.

On March 31, 2023, the Company entered into a debt settlement agreement to settle a $100,000 non-convertible promissory note issued in the prior fiscal year, through the issuance of 1,000,000 units of the Company (Note 11(b)).

During the three and nine months ended March 31, 2023, accretion expense was $2,002 and $3,772, respectively (2022 - $5,909 and $25,324, respectively), and interest expense was $740 and $1,307, respectively (2022 - $nil and $nil, respectively).

(Unaudited - Expressed in Canadian dollars, except where noted

9. CONVERTIBLE NOTE

On May 19, 2021, the Company issued a convertible note of $907,500 (US$750,000) to INEX as part of an asset purchase agreement in which the Company acquired the rights, titles, and interest to the software, Health Shield, from INEX. The convertible note had a maturity date of May 19, 2023, with a conversion price equal to the three-day weighted average price per share for the three days immediately prior to the conversion in the amount and number of such shares equal to the principal amount of convertible note.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein the promissory note (Note 8), the convertible note, and a convertible promissory note (Note 10) were settled for 514,286 common shares (Note 11). As at the date of settlement, the convertible note was valued at $590,987.

During the three and nine months ended March 31, 2023, accretion expense on the convertible note was $nil and $nil, respectively (2022 - $33,556 and $129,109, respectively).

10. CONVERTIBLE PROMISSORY NOTES

A summary of the Company's convertible promissory notes is as follows:

	$
Balance, June 30, 2021	154,128
Accretion	40,738
Settlement of INEX promissory note	(194,866)
Balance, June 30, 2022	-
Issuance of a convertible promissory note	26,538
Accretion	2,983
Balance, March 31, 2023	**29,521**

On October 13, 2020, the Company issued a convertible promissory note for $263,019 to INEX (a related party due to common directorship) for software engineering and development services related to the advancement and improvement of the Company's proprietary payment solution, separate from the promissory note issued on December 3, 2018. The promissory note was interest-free and repayable on the earlier of (i) two years after the shares are publicly traded on a Canadian or U.S securities exchange; or (ii) January 1, 2023 (or earlier at the discretion of the Company, without penalty). The promissory note was convertible into common shares of the Company at any time in whole or in part at the Company's sole discretion based on the greater of (i) $0.70 per common share and (ii) the ten-day weighted average price per share if traded on a securities exchange.

On initial recognition, the Company measured the fair value of the debt component was calculated to be $26,538 using a discount rate of 30% which is management's estimate of the market interest rate of similar debt without a conversion feature. The equity component was determined to be $13,462 using the residual value method and was recorded in reserves.

On February 25, 2022, the Company entered into a debt settlement agreement with INEX wherein it settled the promissory note (Note 8), the convertible note (Note 9) and the convertible promissory note issued to INEX were settled for 514,286 common shares.

On September 23, 2022, the Company issued a convertible promissory note to an officer of the Company for $40,000. The convertible promissory note bears interest at 10% per annum and matures on September 23, 2024. The convertible promissory note is convertible into units at any time at the conversion price of $0.05 per unit. Each unit consists of one common share and one warrant. Each warrant is exercisable for one common share at a price of $0.10 per share for a period of one year following the date of conversion.

During the three and nine months ended March 31, 2023, accretion expense was $1,345 and $2,983, respectively (2022 - $10,511 and $40,738, respectively), and interest expense was $986 and $2,071, respectively (2022 - $nil and $nil, respectively).

11. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued shares

During the nine months ended March 31, 2023, the Company completed the following transactions:

On March 31, 2023, pursuant to a debt settlement agreement, the Company issued 1,000,000 units to settle a promissory note of $100,000 (Note 8). Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until March 31, 2025, with an exercise price of $0.20 per warrant. The fair value of the common shares issued was $110,000 at $0.11 per common share and the fair value of the warrants issued was $105,809 using the Black-Scholes option pricing model. As a result of the settlement, the Company recognized a $115,809 loss on debt settlement.

On March 24, 2023, the Company issued 3,050,000 units in a non-brokered private placement at $0.10 per unit for proceeds of $305,000, of which $100,000 was related to a pre-existing subscription deposit from fiscal 2022. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until March 24, 2025, with an exercise price of $0.20 per warrant. The warrants are accounted for under the residual value method. As the fair value of the common shares issued was $244,000 at $0.08 per share, the residual amount of $61,000 was allocated to reserves. In connection with the non-brokered private placements, the Company incurred $16,100 in cash transaction costs allocated to share capital and issued 155,000 warrants to finders with a fair value of $11,851 allocated to share capital and reserve.

On February 28, 2023, the Company issued 975,000 units in a non-brokered private placement at $0.10 per unit for proceeds of $97,500. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until February 28, 2025, with an exercise price of $0.20. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was $nil residual value allocated to warrants. In connection with the non-brokered private placements, the Company incurred $7,750 in cash transaction costs allocated to share capital and issued 77,500 warrants to finders with a fair value of $12,025 allocated to share capital and reserve.

On February 22, 2023, the Company issued 285,714 common shares with a fair value of $40,000, at $0.14 per common share, to settle $30,000 in accounts payable and accrued liabilities (Note 7). As a result of the shares issued for debt settlement, the Company recognized $10,000 in loss on debt settlement in the profit or loss.

On September 16, 2022, pursuant to the termination agreement with Caza, LLC (Note 12), 2,627,993 of the Company’s common shares with a fair value of $157,680 at $0.06 per share were returned to treasury. The fair value of the shares returned to treasury was recorded as a gain on the termination of the software development agreement in profit or loss.

During the year ended June 30, 2022, the Company completed the following transactions:

On March 25, 2022, pursuant to a debt settlement agreement with INEX dated February 25, 2022, the Company issued 514,286 common shares in settlement of its convertible promissory note (Note 10), convertible note (Note 9), and promissory note (Note 8). The debt amounts settled had an aggregate carrying amount on February 25, 2022 of $1,336,290, which has been recorded in share capital.

On March 14, 2022, the Company issued 608,571 private placement units at $0.35 per unit for proceeds of $213,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until June 30, 2023. The warrants have an exercise price of $0.70 for the period from March 14, 2022 to March 14, 2023 and an exercise price of $0.88 per share for the period from March 15, 2023 to September 14, 2023. The warrants contain an acceleration clause such that if the Company’s common share price on the CSE is greater than $1.05 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was $nil residual value allocated to the warrants. In the prior year, $49,226 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

11. SHARE CAPITAL (continued)

On December 31, 2021, the Company closed a private placement for 1,328,571 units at $0.35 per unit for proceeds of $465,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share of the Company until June 30, 2023. The warrants have an exercise price of $0.70 per share for the period from December 31, 2021 to December 31, 2022 and an exercise price of $0.88 per share for the period from January 1, 2023 to June 30, 2023. The warrants contain an acceleration clause such that if the Company's common share price on the CSE is greater than $1.05 for ten consecutive trading days after four months and one day from the issuance date, the Company may accelerate the warrant expiry date to the date that is thirty calendar days following the date of a press release from the Company announcing the accelerated terms. The warrants are accounted for under the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was $nil residual value allocated to the warrants. In the prior year, $227,753 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

In connection with the December 31, 2021 private placement, the Company issued 41,429 units to finders with terms identical to those sold in the private placement. The common share component of the finder's units was valued at $0.525 per share which was the Company's closing share price on the date of the private placement. There was no residual value to allocate to the warrants. Total fair value of the finder's units was $21,750 and was recorded as a charge to share issuance costs and credit to share capital, resulting in $nil impact on share capital. In the prior year, $7,102 was initially allocated to the warrants issued and recorded as a reduction to share capital and warrant liability. This was amended by management on June 30, 2022 as it was determined that the warrants had no value and amount was reclassified from warrant liability to share capital.

On December 17, 2021, pursuant to the closing of the Illuria Acquisition, the Company issued 2,857,136 common shares of the Company to the shareholders of Illuria at a fair value of $0.5075 per share, for a total fair value of $1,450,000. The Company issued 285,714 common shares to the finder of the acquisition at a fair value of $0.5075 per share for a total fair value of $145,000 (Note 4).

On August 26, 2021, in relation to the resignation of a consultant, 59,501 common shares of the Company with a fair value of $244,351 were returned to the treasury. The fair value of returned shares was treated as a gain on shares returned to treasury in the condensed interim consolidated statements of loss and comprehensive loss.

On July 9, 2021, the Company closed a private placement for 35,714 common shares at $0.70 per common share and reclassified $25,000 of previously received subscription receipts from share subscription deposits to share capital.

c) Escrow shares

In connection with the Company's go-public transaction, the Company issued 9,562,190 common shares that were subject to a voluntary pooling agreement and issued 9,419,333 common shares that were held in escrow. As at March 31, 2023, the Company has released 6,736,390 shares from escrow and, has a total of 2,825,800 shares held in escrow.

In relation to the Illuria Acquisition, 2,627,993 common shares of the Company were subject to a pooling agreement. Upon execution of the termination agreement with Caza, LLC, on September 16, 2022, these shares were released from the pooling agreement (Note 12).

In connection with a debt settlement agreement with INEX dated February 25, 2022, 285,714 common shares issued to INEX relating to the December 31, 2021 private placement and 514,286 common shares issued for debt settlement (Note 8, 9, and 10) were subject to a voluntary hold period imposing certain trading restrictions. As at March 31, 2023, 475,714 common shares were subject to the terms of the voluntary hold period.

(Unaudited - Expressed in Canadian dollars, except where noted

11. SHARE CAPITAL (continued)

d) Share options

A summary of the Company's share option activity is as follows:

	Issued	Weighted average exercise price
	#	$
Outstanding, June 30, 2021	871,428	2.82
Cancelled	(142,857)	3.33
Issued	142,857	1.05
Outstanding, June 30, 2022	871,428	2.45
Expired	(214,289)	2.44
Cancelled	(514,282)	2.85
Issued	2,500,000	0.10
Outstanding, March 31, 2023	**2,642,857**	**0.15**

On February 23, 2023, the Company granted 1,400,000 share options to officers, directors, and consultants of the Company with an exercise price of $0.14 and an expiry date of February 24, 2028, which vested immediately upon issuance. The fair value of these options was estimated at $195,910 using the Black-Scholes option pricing model with the assumptions disclosed below.

On December 14, 2022, the Company cancelled 514,282 share options to officers, directors and consultants of the Company with a weighted average exercise price of $2.96 and expiry dates between March 19 and March 22, 2026. In connection with the cancelled options the Company recorded $48,389 in share-based compensation related to the accelerated vesting of the unvested options.

On November 2, 2022, the Company granted 1,100,000 share options to officers, directors, and consultants of the Company with an exercise price of $0.05, expiry date of November 2, 2027, which vested immediately upon issuance. The fair value of these options was estimated at $9,651 using the Black-Scholes option pricing model with the assumptions disclosed below.

On February 25, 2022, pursuant to the debt settlement agreement with INEX, the Company granted 142,857 share options to an officer of the Company with an exercise price of $1.05 and an expiry date of February 24, 2024. In addition, on March 27, 2022, the Company cancelled 142,857 share options to an officer of the Company with a $3.33 exercise price and original expiry date of March 31, 2026. In connection with the cancelled options, the Company reversed $69,804 in share-based compensation related to the unvested options.

A summary of the Company's outstanding and exercisable share options as at March 31, 2023 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average exercise price	Weighted-average remaining life
	#	#	$	Years
February 24, 2024	142,857	142,857	1.05	0.90
November 02, 2027	1,100,000	1,100,000	0.05	4.59
February 23, 2028	1,400,000	1,400,000	0.14	4.90
	2,642,857	**2,642,857**	**0.15**	**4.55**

(Unaudited - Expressed in Canadian dollars, except where noted

11. SHARE CAPITAL (continued)

During the three and nine months ended March 31, 2023, the Company recorded share-based compensation for share options vested of $195,910 and $314,616, respectively (2022 - $154,819 and $645,301, respectively).

The following table presents the assumptions used in the Black-Scholes option pricing model to measure the fair value of share options granted during the nine months ended March 31, 2023 and the year ended June 30, 2022:

	2023	2022
Risk-free interest rate	**3.59 - 3.63%**	1.53%
Expected life	**5 years**	2 years
Expected volatility	**233 - 311%**	161%
Forfeiture rate	**0.00%**	0.00%
Dividend rate	**0.00%**	0.00%

e) Warrants

A summary of the Company's warrant activity is as follows:

	Warrants outstanding	**Weighted-average exercise price**
	#	$
Balance, June 30, 2021	3,909,761	1.38
Expired	(766,904)	0.26
Granted	1,978,571	0.88
Balance, June 30, 2022	5,121,428	1.36
Expired	(285,714)	0.70
Granted	5,257,500	0.20
Balance, March 31, 2023	**10,093,214**	**0.77**

A summary of the Company's warrants outstanding as at March 31, 2023 is as follows:

Expiry date	**Warrants outstanding**	**Weighted-average exercise price**	**Weighted-average remaining life**
	#	$	Years
May 3, 2023	2,857,143	1.75	0.09
June 30, 2023	1,370,000	0.88	0.25
September 14, 2023	608,571	0.88	0.46
February 28, 2025	1,052,500	0.20	1.91
March 24, 2025	3,205,000	0.20	1.98
March 31, 2025	1,000,000	0.20	2.00
	10,093,214	**0.77**	**0.92**

In connection with the private placements of units in February and March 2023, the Company issued 232,500 warrants to finders. Each warrant entitles the holder to acquire one common share of the Company at the exercise price of $0.20 until two years from the issuance date. The fair value of the warrants was estimated at $23,877 using the Black-Scholes pricing model using the assumptions disclosed below.

The following table presents the assumptions used in the Black-Scholes option pricing model to measure the fair value of warrants granted during nine months ended March 31, 2023 and the year ended June 30, 2022:

	2023	2022
Risk-free interest rate	**3.47 - 4.24%**	0.23%
Expected life	**2 years**	2 years
Expected volatility	**308 - 310%**	100%
Forfeiture rate	**0.00%**	0.00%
Dividend rate	**0.00%**	0.00%

(Unaudited - Expressed in Canadian dollars, except where noted

12. TECHNOLOGY DEVELOPMENT

Technology development costs are expenditures made by the Company for the research and development of its Health Shield product, cyber security software, and potential new technologies and products. A summary of the Company's technology development expenditures for the nine months ended March 31, 2023 and the year ended June 30, 2022 is as follows:

	Nine months ended March 31, 2023	Year ended June 30, 2022
	$	$
Opening balance of cumulative spend, beginning of period	**5,290,225**	3,291,592
Technology development expense resulting from Illuria Acquisition	**-**	1,633,538
Technology development expenditures in the period	**-**	365,095
Cumulative expenditures, end of period	**5,290,225**	5,290,225

On December 21, 2021, the Company entered into a software development agreement with Caza, LLC ("Caza"), a related party due to common directorship with Illuria, for further back-end design, development, testing, and assistance in bringing the cyber security technology to market. An initial fee of $252,446 (US$200,000) was paid upon signing the agreement. During the year ended June 30, 2022, the agreement was amended to revise the schedule of payments and deliverables.

On September 16, 2022, the Company and Caza mutually agreed to terminate the software development agreement. Per the termination agreement, the Company transferred its right to the in-process research and development project constituting the cyber security software that was initially acquired in the Illuria acquisition. In exchange, Caza returned 2,627,993 common shares of Tevano with a fair value of $157,680 and forgave technology development costs payable of $127,262 (Note 7). Accordingly, during the three and nine months ended March 31, 2023, $nil and $284,942, respectively (2022 - $nil and $nil, respectively) was recorded as a gain on termination of software development agreement.

13. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's transactions with key management personnel is as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Consulting fees	**60,360**	104,111	**281,953**	333,976
Share-based compensation	**83,962**	132,485	**186,544**	611,800
Technology development	**-**	315,208	**-**	567,654
	144,322	551,801	**468,497**	1,513,430

During the three and nine months ended March 31, 2023 and 2022, consulting fees and share-based compensation were to officers and directors of the Company.

During the three and nine months ended March 31, 2022, technology development costs were incurred by Caza, LLC (Note 12).

(Unaudited - Expressed in Canadian dollars, except where noted

13. RELATED PARTY TRANSACTIONS (continued)

A summary of the Company's amounts owed to related parties is as follows:

	March 31, 2023	June 30, 2022
	$	$
Accounts payable and accrued liabilities	**471,160**	213,533
Convertible promissory note	**29,521**	-
Promissory note	**20,895**	-
Shareholder's loan	**7,550**	30,000
	529,126	243,533

Accounts payable and accrued liabilities and shareholder's loan due to related parties relate to ongoing corporate overhead costs and are non-interest bearing, due on demand.

During nine months ended March 31, 2023, the Company issued a promissory note (Note 8) and a convertible promissory note (Note 10) to officers of the Company.

As at March 31, 2023, receivables included $5,500 advanced to a related party (June 30, 2022 - $5,500). The advance is non-interest bearing and there are no specified terms of repayment.

14. SEGMENTED INFORMATION

The Company's chief operating decision-maker reviews the results of operations as one reportable segment. For all periods presented in these financial statements, the Company has one reporting segment. The Company's assets and operations are geographically located in Canada.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of cash, receivables, accounts payable and accrued liabilities, and shareholder loan approximate fair value due to the short-term nature of these instruments. These financial instruments, and the promissory note and convertible promissory note are measured at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash and receivables. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company regularly reviews the collectability of its receivables. The Company considers the credit risk related to both cash and trade receivables to be minimal.

Receivables consist of trade receivables and an advance to a related party (Note 13). The Company records lifetime expected credit losses against trade receivables. During the three and nine months ended March 31, 2023, the Company recognized $945 and $945, respectively (2022 - $nil and $nil, respectively) as a provision for expected credit losses as management considered the trade receivables as uncollectible.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a convertible promissory note and a promissory note with an interest rate of 10%. The Company regularly monitors its cash management policy. The Company is not exposed to interest rate risk as the interest rate on the convertible promissory note and promissory note is fixed.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company endeavors to ensure that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's programs. As at March 31, 2023, the Company had a cash balance of $74,408 (June 30, 2022 - $6,187) to settle current liabilities of $947,661 (June 30, 2022 - $1,013,303).

A summary of the Company's undiscounted liabilities as at March 31, 2023, is as follows:

	Within 1 year	**2 - 5 years**	**Total**
	$	$	$
Accounts payables and accrued liabilities	917,781	-	917,781
Convertible promissory note	-	40,000	40,000
Promissory note	30,000	-	30,000
Shareholder's loan	7,550	-	7,550
	955,331	**40,000**	**995,331**

d) Foreign currency risk

The Company's functional currency is the Canadian dollar, and its subsidiary's functional currency is the United States dollar. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash and trade payables) denominated in US dollars.

A summary of the Company's net monetary assets and liabilities held in foreign currencies, expressed in Canadian dollars, is as follows:

	March 31, 2023	June 30, 2022
	$	$
Cash	**2,151**	2,830
Accounts payable and accrued liabilities	**(309,651)**	(360,421)
Net financial liabilities	**(307,500)**	(357,591)

The effect on net loss and comprehensive loss for the YTD 2023, of a 10% change in the foreign currencies against the Canadian dollar on the above-mentioned net financial liabilities of the Company is estimated to have an increase or decrease in foreign exchange gain of loss of $30,750.

As at March 31, 2023, Management has determined the Company's exposure to foreign currency risk to be at an acceptable level.

16. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company's capital consists of all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the period, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from the treasury to meet all such obligations. The Company is not subject to any externally imposed capital requirements.

17. SUBSEQUENT EVENTS

Subsequent to the three and nine months ended March 31, 2023, the Company has the following subsequent events:

a) Amendment of Special Warrant

On May 3, 2021, the Company completed a non-brokered private placement of 2,857,143 warrants at a price of $0.175 per warrant for gross proceeds of $500,000 (each a "Special Warrant"). Each Special Warrant is exercisable into units of the Company consisting of one common share and one common share purchase warrant (each a "Unit") at an exercise price of $1.75 per Unit and expires on May 3, 2023. Each common share purchase warrant is exercisable into one common share of the Company with an exercise price of $2.45 per share and expires two years from the exercise of the Unit.

On May 1, 2023, the Company amended the Special Warrants by extending the expiry date to May 3, 2025, and reducing the exercise price to $0.20 per Unit. Additionally, each common share purchase warrant exercise price was reduced to $0.20 per share.

b) Conversion of convertible promissory note

On April 11, 2023, pursuant to the conversion of the convertible promissory note, the Company issued 843,340 units at $0.05 per unit to settle $42,167, of which the principal is $40,000 and accrued interest is $2,167. Each unit consists of one common share and one warrant. Each warrant is exercisable to one common share of the Company with an exercise price of $0.10 per warrant and expires on April 11, 2024.

c) Debt settlements

On April 11, 2023, the Company issued 75,000 units to settle an outstanding shareholder's loan of $7,500 from an officer of the Company at $0.10 per unit. Each unit consists of one common share and one warrant. Each warrant is exercisable to one common share of the Company with an exercise price of $0.20 per warrant and expires on April 11, 2025.

On May 29, 2023, pursuant to a debt settlement agreement, the Company issued 133,333 common shares to settle $20,000 in accounts payable and accrued liabilities.

d) Acquisition

On February 22, 2023, the Company entered into a non-binding letter of intent for the acquisition of Aqua-Eo Ltd (the "Proposed Transaction"), a green lithium technology company. Subject to regulatory approval, the Company agreed to issue 18,995,000 common shares to the existing shareholders of Aqua-Eo Ltd as consideration for the Proposed Transaction, with a finder's fee of up to 10% of the Proposed Transaction's value.

Aqua-Eo Ltd is an environmentally focused industrial technology and engineering company, developing commercial extraction solutions for lithium and other strategic metals, industrial wastewater remediation, and oil and gas effluent treatment.

On April 27, 2023, the Company completed the Proposed Transaction and issued 18,995,000 common shares to the shareholders of Aqua-Eo Ltd. Pursuant to the acquisition, the Company issued 1,899,500 common shares to three parties as finders' fees.