



**St-Georges Eco-Mining Corp.**

**Condensed Consolidated Interim Financial Statements**

**For the Six Months Ended September 30, 2022**

**(unaudited)**

**(Expressed 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 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 have been prepared by and are the responsibility of the management.

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

MONTREAL, QUEBEC  
November 28, 2022

**St-Georges Eco-Mining Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
**(unaudited)**

As at	Note	September 30, 2022	March 31, 2022
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		1,449,077	3,937,083
Accounts receivable		359,122	905,966
Promissory Note Receivable	7	25,000	25,000
Prepaid expenses		465,489	29,057
Marketable securities	9	402,020	328,157
Intangible assets	7	446,400	446,400
<b>Total current assets</b>		<b>3,147,108</b>	<b>5,671,663</b>
<b>Non-current assets</b>			
Equipment		6,879	8,185
ROU Asset	20	56,320	82,918
Exploration and evaluation assets	6	15,998,999	15,655,582
Building	7	256,628	-
<b>Total assets</b>		<b>19,465,934</b>	<b>21,418,348</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	2,924,760	2,655,532
Loan from Related Party	17	20,000	20,000
Debt due on demand	12	4,468,591	4,382,144
Flow-through liability	13	43,000	43,000
Lease liability	20	40,662	45,299
Convertible debentures at fair value	12	11,420	8,700
<b>Total current liabilities</b>		<b>7,508,433</b>	<b>7,154,675</b>
<b>Long-Term Liabilities</b>			
Lease liability	20	25,876	56,623
Convertible debentures	12	6,257,654	5,620,213
<b>Total liabilities</b>		<b>13,791,963</b>	<b>12,831,511</b>
<b>Shareholders' equity</b>			
Common shares	13	44,990,985	44,995,938
Capital surplus	13	2,657,874	2,657,874
Reserves	13,17	13,695,578	13,695,578
Subscriptions receivable	13	-	(95,000)
Deficit		(41,353,982)	(39,486,653)
<b>Shareholders' equity</b>		<b>19,990,455</b>	<b>21,767,737</b>
Non-controlling interest	1	(14,316,484)	(13,180,900)
<b>Total shareholders' equity</b>		<b>5,673,971</b>	<b>8,586,837</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,465,934</b>	<b>21,418,348</b>

Contingencies (Note 19)  
Subsequent events (Note 21)

*signed "Herb Duerr"*

Herb Duerr  
President and Chief Executive Officer

*signed "Richard Barnett"*

Richard Barnett  
Chief Financial Officer

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

**St-Georges Eco-Mining Corp.**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
**(unaudited)**

	Note	Six months ended September 30,		Three months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>Operating expenses</b>					
Accretion and interest expenses	12	790,306	1,153,881	398,189	529,694
Consulting fees	17	244,836	464,680	142,888	52,664
Depreciation expenses	6	3,139	-	3,053	-
Foreign exchange (gain)		(233,552)	(47,671)	(96,749)	(60,972)
Management fees	17	696,515	866,566	362,478	321,191
Office expenses		122,866	466,805	61,502	257,230
Professional fees		186,146	325,391	152,420	248,617
Property Tax	6	10,537	-	10,537	-
Publicity and promotions		187,748	69,125	107,565	19,516
Research and development fees	8, 17	646,549	675,528	249,068	533,271
Salary		100,995	-	57,705	-
Stock-based compensation	14	-	1,009,823	-	59,093
Transfer agent and listing fees		58,740	124,392	47,931	81,854
Travel		111,151	90,399	29,505	71,919
		<b>(2,925,976)</b>	<b>(5,198,919)</b>	<b>(1,526,092)</b>	<b>(2,114,077)</b>
<b>Other items</b>					
Unrealized gain (loss) on marketable securities	9	73,863	(746,249)	130,142	(300,115)
Loss on sale of marketable securities	9	-	(23,755)	-	(23,874)
Gain on disposal of BWA shares	9	57,000	-	57,000	-
Gain on fair market value change in debentures	12	14,667	259,528	14,667	258,006
Gain on write-off accounts payable		35	3,469	-	-
Impairment loss on property	6	(234,504)	-	-	-
Rental income	6	12,002	-	12,002	-
<b>Net loss and comprehensive loss</b>		<b>(3,002,913)</b>	<b>(5,705,926)</b>	<b>(1,312,281)</b>	<b>(2,180,060)</b>
Net loss per share – basic and diluted		\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding basic and diluted		225,520,928	198,306,581	225,520,928	208,210,759
<b>Net loss and comprehensive loss attributable to:</b>					
Shareholders of the Company		(1,867,329)	(3,409,971)	(731,371)	(1,272,411)
Non-controlling interests		(1,135,584)	(2,295,955)	(580,910)	(907,649)
		<b>(3,002,913)</b>	<b>(5,705,926)</b>	<b>(1,312,281)</b>	<b>(2,180,060)</b>

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

**St-Georges Eco-Mining Corp.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)**  
**For the six months ended September 30, 2022 and 2021**  
**(Unaudited)**

	Number of Common Shares	Common Shares	Capital Surplus	Subscriptions Receivable	Subscriptions Received In Advance	Reserve	Deficit accumulated	Shareholders' Equity (Deficiency)	Non- Controlling Interests	Total Shareholders' Equity (Deficiency)
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at January 1, 2021</b>	<b>166,188,936</b>	<b>22,178,472</b>	<b>1,693,482</b>	<b>(575,000)</b>	<b>-</b>	<b>4,753,804</b>	<b>(28,030,430)</b>	<b>20,328</b>	<b>(6,190,442)</b>	<b>(6,170,114)</b>
Shares issued for cash	20,343,536	10,082,745	-	(26,000)	-	229,931	-	10,286,676	-	10,286,676
Shares issued for warrants exercised	12,220,300	2,322,560	-	-	-	-	-	2,322,560	-	2,322,560
Shares issued for stock options exercised	2,325,000	208,750	-	-	-	-	-	208,750	-	208,750
Shares issued for convertible debt converted	3,942,589	2,624,702	(170,849)	-	-	-	-	2,453,853	-	2,453,853
Subscriptions received	-	-	-	50,000	231,250	-	-	281,250	-	281,250
Equity component of convertible debenture	-	-	-	-	-	4,334,315	-	4,334,315	-	4,334,315
Stock-based compensation	-	-	-	-	-	107,425	-	107,425	-	107,425
Capital contributions made by non-controlling interest	-	-	-	-	-	-	249,935	249,935	5,421,864	5,671,799
Allocation of equity to non-controlling interests	-	-	1,645,150	-	-	-	417,161	2,062,311	(2,062,311)	-
Net loss for the period	-	-	-	-	-	-	(952,931)	(952,931)	-	(952,931)
<b>Balance as at March 31, 2021</b>	<b>205,020,361</b>	<b>37,417,229</b>	<b>3,167,783</b>	<b>(551,000)</b>	<b>231,250</b>	<b>9,425,475</b>	<b>(28,316,265)</b>	<b>21,374,472</b>	<b>(2,830,889)</b>	<b>18,543,583</b>
Shares issued for cash	-	(221)	-	26,000	-	-	-	25,779	-	25,779
Shares issued for warrants exercised	2,050,000	380,000	-	-	(231,250)	55,085	-	203,835	-	203,835
Shares issued for stock options exercised	800,000	78,750	-	-	-	-	-	78,750	-	78,750
Shares issued for convertible debt converted	20,289	7,723	170,849	-	-	-	-	178,572	-	178,572
Shares issued for debt settlement	375,000	60,000	-	-	-	-	-	60,000	-	60,000
Shares issued for acquisition	100,000	27,000	-	-	-	-	-	27,000	-	27,000
Subscriptions received	-	-	-	90,000	-	-	-	90,000	-	90,000
Equity component of convertible debenture	-	-	(170,850)	-	-	-	-	(170,850)	-	(170,850)
Stock-based compensation	-	-	-	-	-	1,009,823	-	1,009,823	-	1,009,823
Capital contributions made by non-controlling interest	-	-	-	-	-	-	(249,935)	(249,935)	328,173	78,238
Allocation of equity to non-controlling interests	-	-	(75,784)	-	-	-	2,545,890	2,470,106	(2,470,106)	-
Net loss for the period	-	-	-	-	-	-	(5,705,926)	(5,705,926)	-	(5,705,926)
<b>Balance as at September 30, 2021</b>	<b>208,365,650</b>	<b>37,970,481</b>	<b>3,091,998</b>	<b>(435,000)</b>	<b>-</b>	<b>10,490,383</b>	<b>(31,726,236)</b>	<b>19,391,626</b>	<b>(4,972,822)</b>	<b>14,418,804</b>
<b>Balance as at March 31, 2022</b>	<b>225,520,928</b>	<b>44,995,938</b>	<b>2,657,874</b>	<b>(95,000)</b>	<b>-</b>	<b>13,695,578</b>	<b>(39,486,653)</b>	<b>21,767,737</b>	<b>(13,180,900)</b>	<b>8,586,837</b>
Shares issued for cash	-	(4,953)	-	-	-	-	-	(4,953)	-	(4,953)
Subscriptions received	-	-	-	95,000	-	-	-	95,000	-	95,000
Capital contributions made by non-controlling interest	-	-	-	-	-	-	-	-	-	-
Allocation of equity to non-controlling interests	-	-	-	-	-	-	1,135,584	1,135,584	(1,135,584)	-
Net loss for the period	-	-	-	-	-	-	(3,002,913)	(3,002,913)	-	(3,002,913)
<b>Balance as at September 30, 2022</b>	<b>225,520,928</b>	<b>44,990,985</b>	<b>2,657,874</b>	<b>-</b>	<b>-</b>	<b>13,695,578</b>	<b>(41,353,982)</b>	<b>19,990,455</b>	<b>(14,316,484)</b>	<b>5,673,971</b>

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

# St-Georges Eco-Mining Corp.

## Condensed Consolidated Interim Statements of Cash Flows

### (Unaudited)

For the six months ended September 30	2022	2021
	\$	\$
<b>Operating activities</b>		
Net loss and comprehensive loss for the period	(3,002,913)	(5,705,926)
Non-cash items		
Accretion and interest on convertible debenture	790,306	1,153,881
Unrealized loss (gain) on marketable securities	(73,863)	746,249
Loss on sale of marketable securities	-	23,755
Gain on disposal of BWA shares	(57,000)	-
Foreign exchange gain	(63,465)	-
Depreciation expenses	3,139	-
Gain on fair market value change in debentures	(14,667)	(259,528)
Gain on write-off accounts payable	(35)	(3,469)
Stock-based compensation	-	1,009,823
	<b>(2,418,498)</b>	<b>(3,035,215)</b>
Net changes in working capital items		
Prepaid expenses	(436,432)	298,159
Accounts receivable	603,844	(1,033,208)
Accounts payable and accrued liabilities	270,191	2,542,170
	<b>437,603</b>	<b>1,807,121</b>
<b>Net cash used in operating activities</b>	<b>(1,980,895)</b>	<b>(1,228,094)</b>
<b>Investing activities</b>		
Exploration and evaluation recovery	(577,921)	(6,388,557)
Impairment on property	234,504	-
Acquisition of building	(258,694)	-
Purchase of marketable securities	-	(149,999)
Net proceeds from sale of marketable securities	-	126,245
<b>Net cash used in investing activities</b>	<b>(602,111)</b>	<b>(6,412,311)</b>
<b>Financing activities</b>		
Shares issued for cash (net)	-	229,709
Shares issued for warrants exercise	-	380,000
Shares issued for stock options exercise	-	78,750
Shares issued for debt	-	60,000
Shares issued for convertible debenture	-	7,723
Convertible debentures issued	-	(61,893)
Shares issued for acquisition	-	82,085
Subscription received	95,000	116,000
Subscription received in advance	-	(231,250)
<b>Net cash provided by financing activities</b>	<b>95,000</b>	<b>661,124</b>
<b>Change in cash</b>	<b>(2,488,006)</b>	<b>(6,979,281)</b>
Cash, beginning of period	3,937,083	12,704,826
<b>Cash, end of period</b>	<b>1,449,077</b>	<b>5,725,545</b>

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

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**St-Georges Eco-Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended September 30, 2022**  
**(Expressed in Canadian dollars – unaudited)**

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**1. Corporate Information and Going Concern of Operations**

St-Georges Eco-Mining Corp. (the “Company” or “St-Georges”) was incorporated under the Canada Business Corporations Act on June 21, 2002. The Company is listed on the Canadian Securities Exchange (“CSE”), having the symbol SX, on the OTCQB, having the symbol SXOOF, and on the Deutsche Börse in Frankfurt (FSE) under the symbol 85G1. The address of the Company’s corporate office and principal place of business is 2700-1000 Rue Sherbrooke West, Montreal, QC H3A 3G4, Canada. The principal activities of the Company are the exploration and evaluation of mineral properties in Canada and Iceland and block-chain technology development.

In May 2018, the Company signed an Arrangement Agreement (“Arrangement”) providing for the spin-out of its subsidiary ZeU Technologies Inc. (formerly ZeU Crypto Networks Inc.) (“ZeU”) with the intent of listing ZeU on the Canadian Securities Exchange (“CSE”).

On December 24, 2019, the CSE accepted the listing of the common shares of ZeU, and ZeU started trading on the CSE on December 30, 2019, under the symbol “ZEU”. As a result of the Arrangement, effective December 24, 2019, ZeU ceased to be a wholly-owned subsidiary of the Company. ZeU distributed 11,098,074 shares of the 20,000,000 shares held by the Company to the Company’s shareholders pursuant to the Arrangement. At September 30, 2022, the Company retained 10,136,191 (March 31, 2022 – 10,136,191) shares and de facto control of ZeU.

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At September 30, 2022, the Company had not yet achieved profitable operations, had an accumulated deficit of \$41,353,982 (March 31, 2022 - \$39,486,653), had no operating income and had a working capital deficiency of \$4,361,325 (March 31, 2022 - \$1,483,012). As such, the Company’s ability to continue as a going concern depends on its ability to raise additional financing successfully. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the consolidated financial statements.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, continuation of the Company’s interest in the underlying resource claims, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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**St-Georges Eco-Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
For the six months ended September 30, 2022  
(Expressed in Canadian dollars – unaudited)

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**2. Basis of Presentation**

**a) Statement of Compliance**

These condensed consolidated interim financial statements of the Company for the period ended September 30, 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These financial statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the fifteen months ended March 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on November 28, 2022.

**b) Basis of Measurement**

The consolidated financial statements have been prepared on a historical cost basis except for certain assets and liabilities measured at fair value as required under specific IFRS pronouncements.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

**c) Basis of Consolidation**

These consolidated financial statements comprise the accounts of the Company and the following controlled subsidiaries:

<b>Name</b>	<b>Country of incorporation</b>	<b>Ownership Percentage</b>
Iceland Resources EHF (“Iceland Resources”)	Iceland	100%
Melmi ehf Iceland (“Melmi”)	Iceland	100%
ZeU Technologies Inc. (“ZeU”)	Canada	27.3%
ZeUPay Inc. (“ZeUPay”)	Canada	27.3%
ZeUPay AS	Norway	27.3%
ZeU Gaming Inc. (“ZeU Gaming”)	Canada	27.3%
Borealis Commodities Exchange ehf (“Borealis”)	Iceland	100%
St-Georges Metallurgy Corp. (“St-Georges Metallurgy”)	Canada	100%
EVSX Corp. (“EVSX”)	Canada	100%
H2SX Corp. (“H2SX”)	Canada	100%

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. ZeU is consolidated due to the fact that common directors of St-Georges control the operations of ZeU.

**d) Comparative Figures**

Certain comparative figures may have been reclassified to conform to the current year’s presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.



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**St-Georges Eco-Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended September 30, 2022**  
**(Expressed in Canadian dollars – unaudited)**

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**2. Basis of Presentation (continued)**

**e) Functional and Presentation Currency**

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries is also the Canadian dollar, and the functional currency of its subsidiaries, Iceland Resources EHF, Melmi ehf, and Borealis Commodities Exchange ehf., is the Iceland Krona.

**3. Summary of Significant Accounting Policies**

**Standards, Amendments and Interpretations Issued but not yet Adopted**

The following future accounting standards may include the following, which may have an impact on future financial statements:

IAS 1, "Presentation of Financial Statements" which sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction.

IAS 8, "Changes in Accounting Estimates and Errors" which requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.

IFRS 10, "Consolidated Financial Statements" outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls.

IAS 28 "Investments in Associates and Joint Ventures" outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures.

IFRS 12 "Disclosure of Interests in Other Entities" is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the consolidated statements of loss and comprehensive loss.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

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**St-Georges Eco-Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended September 30, 2022**  
**(Expressed in Canadian dollars – unaudited)**

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**3. Summary of Significant Accounting Policies (continued)**

**a) Mining Properties and Deferred Exploration and Evaluation Expenditures**

*Pre-exploration Costs*

Pre-exploration costs are expensed in the year in which they are incurred.

*Exploration and Evaluation Expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation (“E&E”) expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. Tax credits and mining duties are applied to reduce related E&E expenditures in the period recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmer on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects for the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the consolidated statements of loss and comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource have been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. E&E assets are also tested for impairment before the assets are transferred to development properties. Mining exploration and evaluation expenditures are classified as intangible assets.

**b) Impairment of Non-Financial Assets**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss.

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**St-Georges Eco-Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended September 30, 2022**  
**(Expressed in Canadian dollars – unaudited)**

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**3. Summary of Significant Accounting Policies (continued)**

**c) Classification of digital currencies as current assets**

The Company has determined that digital currencies are intangible assets under IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. The Company has classified digital currencies as current assets; if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the consolidated statements of financial position at their cost on the date acquired and are only remeasured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realized gains or losses on the sale of digital currencies, are included in the consolidated statement of loss and comprehensive loss. Unrealized revaluation gains, for those digital currencies that are traded in an active market, above their initial fair, are included in other comprehensive income.

The Company currently holds digital currencies that are not traded in a regulated active market and has therefore valued them at nil.

**d) Financial Instruments**

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Cash, marketable securities, convertible debenture investment, certain convertible debentures and derivative liability are classified as FVTPL. Accounts receivable, accounts payable, debt due on demand, and certain convertible debentures are classified as amortized cost.

*Measurement*

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

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**3. Summary of Significant Accounting Policies (continued)**

**d) Financial Instruments (continued)**

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

IFRS 9 requires the use of an expected credit loss model on financial assets that are measured at amortized cost to account for expected credit losses at each reporting date to reflect changes in credit risk.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

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**3. Summary of Significant Accounting Policies (continued)**

**d) Financial Instruments (continued)**

*Other financial liabilities*

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities, debt due on demand and certain convertible debentures. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. This category includes accounts payable and accrued liabilities, certain convertible debentures, and debt due on demand.

**e) Intangible assets**

Intangible assets consist of digital currencies. If the digital currencies are traded in an active market, the Company initially records digital currencies at their cost on the date of acquisition and revalues the digital currencies at each reporting period at their then fair value under IAS 38. Under the revaluation model, intangible assets are measured at cost on initial recognition and subsequently remeasured at fair value at each reporting date. Unrealized revaluation increases above the initial cost or fair value are recognized in other comprehensive income. Revaluation losses, as well as realized gains or losses on the sale of digital currencies are included in the statement of loss and comprehensive loss.

For digital currencies that are not traded in an active market, the Company initially records the digital currencies at their cost on the date of acquisition and these digital currencies are not subsequently measured at fair value. At each reporting date, the Company will assess if the Digital currencies that are carried at cost are impaired and will record a loss if an impairment exists at the reporting date.

Intangible assets also include software and customers lists acquired from Prego. These are indefinite assets with no expiration date and are tested annually for impairment, with any impairment recorded as a loss.

**f) Research and development**

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure the expenditure attributable to the intangible asset reliably during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the loss in the period in which the expenditure is incurred.

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**3. Summary of Significant Accounting Policies (continued)**

**f) Research and development (continued)**

Subsequent to initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. At September 30, 2022 and March 31, 2022, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

**g) Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company also provides consulting services to customize its products on a contract basis. Services are provided on both a time-and-materials basis and a fixed-fee basis. Revenue with respect to time-and-materials contracts is recognized as services are provided. Revenue from services on fixed fee contracts is recognized under the terms of the contract based upon when the services have been provided and accepted by the customer. Revenue from the sale of goods is recognized when the goods have been delivered and title has been passed. No revenue is recognized if there are significant uncertainties regarding recovery of the amount due, associated costs, or the possible return of goods.

**h) Convertible debentures**

Convertible debentures issued for cash are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component, which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition. Convertible debentures issued in consideration for goods and services are accounted as share-base payments under IFRS 2. At inception the fair value of the debt component is estimated and recorded as a liability, and the fair value of the conversion feature is determined and either recorded as a liability or as equity and allocated to capital surplus.

The carrying value of convertible debentures measured at amortized cost will be accreted to face value over the life of the debenture. The carrying value of convertible debentures measured at fair value is determined at each reporting date with changes in fair value recorded in profit or loss.

**i) Tax Credits and Mining Duties**

The Government of Quebec provides a 16% non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. This credit is based on the lesser of:

- The amount of the annual loss; and
- 50% of eligible exploration expenditures, mineral deposit evaluation and mine development expenses, reduced by tax credits related to resources.

The Government of Quebec also offers businesses having establishments and that carry on activities in Quebec a refundable tax credit of 28% on eligible exploration expenses. Tax credits and mining duties, which are earned as a result of qualifying mineral exploration expenses, are recognized when the exploration expenses are incurred and collection is reasonably assured. They are applied to reduce related mineral exploration expense in the period recognized.

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**3. Summary of Significant Accounting Policies (continued)**

**j) Income Taxes**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**k) Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

**l) Goodwill**

Goodwill is initially measured at cost, being the excess of consideration transferred and the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost, less any impairment losses. For impairment testing, goodwill acquired is allocated to the individual units that are expected to benefit from the acquisition, regardless of whether they are assigned to those individual units.

**m) Comprehensive Income or Loss**

Other comprehensive income or loss is the change in equity from transactions and other events and circumstances from non-shareholder sources. It refers to items recognized in comprehensive income or loss but are excluded from net income or loss calculated in accordance with IFRS.

**n) Provisions**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate of the time value of money and the risks specific to the liability.

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**3. Summary of Significant Accounting Policies (continued)**

**o) Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*Flow-through Shares*

The Company may, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**p) Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statements of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of loss and comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.



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**3. Summary of Significant Accounting Policies (continued)**

**p) Share-based Payments (continued)**

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of a valuation model.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from the treasury, and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**q) Loss per Share**

The basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

The diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**r) Rehabilitation Provisions**

The Company is subject to various government laws and regulations relating to environmental disturbance caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation, and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. As of September 30, 2022, no rehabilitation provision has been recorded.

**s) Net Smelters Return (“NSR”) Royalties**

The NSR royalties are generally not to be accounted for when acquiring the mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability.

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**3. Summary of Significant Accounting Policies (continued)**

**t) Leases**

Effective January 1, 2019, the Company adopted IFRS 16 – Leases. The standard introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset and a lease liability. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases as at January 1, 2019. During the year ended December 31, 2020, the Company entered into a lease in Iceland (Note 19). The right of use asset and the lease obligations has been disclosed in the consolidated statements of financial position.

**u) Equity accounted investments**

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to \$nil, and additional losses are not provided for unless the Company is committed to providing other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company accounted for the following entity using the equity method up until January 2020, after which time the Company lost significant influence. Effective January 2020, the Company accounts for the shares in BWA Group PLC at FVTPL.

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	Ownership	
	Interest	Jurisdiction
BWA Group PLC ("BWA")	0.71 %	United Kingdom

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**4. Critical Accounting Judgments and Estimates**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year is discussed below:

**a) Judgments**

*i) Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

*ii) Going Concern*

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

*iii) Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

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**4. Critical Accounting Judgments and Estimates (continued)**

**b) Estimates**

*i) Title to Mineral Properties*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects.

*ii) Digital assets – valuation and impairment*

Judgment and estimation are involved with respect to the assessment of whether digital currencies that are not traded in regulated active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgment is also required in determining if a digital currency is traded in an active market.

*iii) Share-based Payment Transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

*iv) Provisions and Contingencies*

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

*v) Impairment of exploration and evaluation assets*

Exploration and evaluation assets are assessed for an impairment when facts and circumstances suggest that their carrying amount may exceed the recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present, and disclose any resulting impairment loss. Indications of impairment, as well as the evaluation of recoverable amount of exploration and evaluation assets, require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

*vi) Valuation of tax credits related to resources and mining tax credits*

Tax credit related to resources and mining tax credit for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection.

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**4. Critical Accounting Judgments and Estimates (continued)**

**b) Estimates (continued)**

The calculation of the Company’s credits necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to tax credit related to resources and to mining tax credit, exploration and evaluation assets and income tax expense in future periods.

The amounts recognized in the consolidated financial statements are derived from the Company’s best estimation and management’s judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that the eventual resolution could differ from the accounting estimates and therefore have an impact on the Company’s financial position and its cash flows.

**5. Intangible assets**

Intangible assets consist of digital currencies. Digital currencies are typically part of a decentralized system of recording transactions and issuance of new units and rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets. With the acquisition of ZeUPay AS by ZeU, the Company acquired 13,309,142 of intangible assets. However, as at March 31, 2022 determined the assets were impaired and wrote them down to \$446,400 of intangible assets, consisting of only the software and customer lists acquired, both with an indefinite life.

*Kamari Tokens*

In November 2019, the Company received 24,000,000 Kamari tokens in consideration for the issuance of \$7,834,000 in convertible debentures. On the date of issuance, the Kamari tokens’ fair value was determined to be \$24,268,723.

The Kamari tokens are currently not trading on any exchange and, accordingly, there is no objective evidence to determine their fair value at December 31, 2020, or September 30, 2022 and 2021. Accordingly, the Company impaired their value to \$nil and recorded an impairment of \$6,881,396 in the statement of loss and comprehensive loss as at December 31, 2020.

The continuity of Kamari tokens is as follows:

	Number of Kamari tokens	Kamari tokens \$
<b>Balance December 31, 2020</b>	<b>24,000,000</b>	-
Settlement of \$1,161,834 of Kamari convertible debentures on March 31, 2021	(3,366,564)	-
Settlement of \$3,815,806 of Kamari convertible debentures on March 21, 2022	(15,338,551)	
<b>Balance March 31, 2022 and September 30, 2022</b>	<b>5,294,885</b>	-

As at September 30, 2022, the Company held 5,294,885 (March 31, 2022 - 5,294,885) Kamari tokens. The 24,000,000 Kamari tokens received in consideration for the convertible debenture with a face value of \$7,834,000 are subject to the following voluntary transfer restrictions without the prior written consent of Kamari: (i) in any one-month period, the transfer, directly or indirectly, is limited to 1/30th of the total number of Kamari tokens forming the consideration; and (ii) on any given day, any sale on an exchange is limited to 5% of the total volume of Kamari tokens traded. As of September 30, 2022, 5,294,885 (March 31, 2022 - 3,694,885) Kamari tokens were available for disposal or transfer.

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**5. Intangible assets (continued)**

As the Company has a contractual right to repay the debenture and accrued interest using Kamari tokens on a mark to market basis. On March 31, 2021, the Company repaid \$500,000 of the Kamari convertible debenture plus \$661,834 of accrued interest by transferring 3,366,564 Kamari tokens to the debenture holder. The Company recorded a gain of \$1,099,818 on the debt settlement in the statement of loss and comprehensive loss as at March 31, 2021.

On March 21, 2022, the Company repaid the remaining Kamari convertible debenture of \$3,417,000 plus \$398,806 of accrued interest by transferring 15,338,551 Kamari tokens to the debenture holder. The Company recorded a gain of \$3,391,988 on the debt settlement in the statement of loss and comprehensive loss as at March 31, 2022.

**6. Exploration and Evaluation Assets**

	<b>Julie Property</b>	<b>Le Royal Property</b>	<b>Manicouagan Property</b>	<b>Villebon Property</b>	<b>Notre Dame Property</b>	<b>Iceland Properties</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>December 31, 2020</b>	-	<b>234,852</b>	<b>303,466</b>	-	-	<b>2,762,620</b>	<b>3,300,938</b>
Acquisition costs	82,427	220	500,000	-	3,584	-	586,231
Claims renewals	18,978	670	37,301	1,610	-	-	58,559
Exploration costs	3,377,492	3,762	7,293,842	-	101,369	933,389	11,709,854
<b>March 31, 2022</b>	<b>3,478,897</b>	<b>239,504</b>	<b>8,134,609</b>	<b>1,610</b>	<b>104,953</b>	<b>3,696,009</b>	<b>15,655,582</b>
Exploration costs	8,726	-	208,948	8,593	192,222	159,432	577,921
Impairment	-	(234,504)	-	-	-	-	(234,504)
<b>September 30, 2022</b>	<b>3,487,623</b>	<b>5,000</b>	<b>8,343,557</b>	<b>10,203</b>	<b>297,175</b>	<b>3,855,441</b>	<b>15,998,999</b>

The exploration and evaluation assets are described in more detail below.

**Julie Project**

The Julie Project is located near the seaport city of Baie-Comeau on the Quebec North shore. It is contained on NTS sheets 22K03, 22F13 and 22F14. The project is prospective for nickel, copper, cobalt, palladium, platinum, silver & magnesium.

In February 2021, the Company to add 65 new mining claims through electronic map staking to the existing claims.

In June 2021, the Company further increased the size of the Julie Project by acquiring 147 new claims through electronic map staking.

On August 11, 2021, the Company entered into a purchase agreement for 28 mineral claims adjacent to the Julie Nickel project. Pursuant to the agreement, the Company issued 100,000 common shares at a fair value of \$27,000 (Note 13) and paid \$50,000 to the vendor upon signing of the agreement; and the Company will sign a Net Smelter Return (“NSR”) agreement in favour of the vendors for one- and one-half percent within 60 days.

The project now comprises 294 claims for an area of 16,227 hectares.

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**6. Exploration and Evaluation Assets (continued)**

**Villebon Property**

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec. The property is comprised of 84 mining claims.

In a prior year, the Company concluded there were indications that certain of the remaining claims comprising the asset were impaired and, as a result, the Company recorded an impairment charge to write off the property in 2019.

**Le Royal Property**

The project, comprised of 5 mining claims for an area of 286.02 hectares, is located in the lithium mining camp of LaCorne, in the Abitibi region of Quebec. The acquisition was done jointly with Lepidico Ltd. (ASX: LPD) (formerly known as Platypus Minerals Ltd.) (“Lepidco”). St-Georges currently owns 90% of the project, and Lepidico owns 10%.

The Company determined the Le Royal Property is not economically viable for the time being and impaired \$234,504 on the property.

**Manicouagan Project**

On January 27, 2020, the Company entered into an agreement to acquire 100% of the Manicouagan project, comprised of 77 mining claims and located 165km north of its 100% owned Julie Nickel-PGE project on the Quebec North Shore. This project was co-owned by Exploration J. F. Inc and Frank Dumas (director of the Company).

On February 6, 2020, pursuant to the agreement, the Company issued 5 million shares (Note 13) at \$0.07 per share. The 2,000,000 shares issued to Exploration JF Inc. are subject to a 2 years escrow period with timed release. All 3,000,000 shares issued to Frank Dumas are subject to escrow for 60 months from issuance; \$50,000 will be paid in two installments to Exploration JF Inc., \$25,000 at signing and \$25,000 at the anniversary date of the agreement; and a 2% NSR will be granted to the vendors as well as a zone of influence covering the 2 NTS sheets where the project is located.

In February 2020, the Company added 36 new mining claims to the project through electronic map staking.

On August 13, 2020, the Company entered into an agreement to acquire two mining claims from two arms-length vendors, which are strategically located within the boundaries of the Manicouagan project of the Company.

The terms of the acquisition are:

- (1) Issue 600,000 common shares of the Company and a payment of \$10,000 within 30 days of the approval of the transaction;(completed) (Note 13)
- (2) A payment of \$10,000 at the 6-month anniversary of the first payment; (invested into units of the Company at a price of \$0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and
- (3) A payment of an additional of \$25,000 that has to be subscribed in the next financing of the Company, and allow an estimated 250,000 shares and 250,000 warrants at the price established by the Company in its offering; (invested into units of the Company at a price of \$0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and
- (4) The agreement also calls for the signing of an NSR agreement within 30 days following the acquisition. The NSR covering these claims will be set at 1.5%, of which 1% can be bought back for \$2,225,000 at any time at the Company’s discretion. The NSR agreement will have to include an option in favor of the buyer to buy back 0.5% of this royalty for \$750,000 and a subsequent 0.5% of the remaining NSR royalty for \$1,500,000.

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**6. Exploration and Evaluation Assets (continued)**

The two mineral claims will be transferred from the vendors to the Company within 10 days of completion of (1), (2) and (3).

The fair value of the 5,600,000 shares issued was \$132,922, which was based on the fair value of the shares on the date of issuance less a discount for the escrow period. In addition, the Company issued 350,000 shares with a fair value of \$35,000 on November 25, 2020, and paid cash consideration of \$60,000.

In April 2021, the Company added 37 new claims to the project through electronic map staking.

On November 17, 2021, the Company entered into an agreement to acquire the production royalty from one of the two royalty holders on its fully owned Manicouagan project on the Quebec North Shore.

On November 22, 2021, pursuant to the agreement, the Company issued 1,000,000 common shares with a deemed value of \$500,000 to Exploration J. F. Inc.

On March 1, 2022, the Company added 106 new claims to the project through electronic map staking.

In November 2022, the company added 54 new claims to the project through electronic map staking, the project now comprises of 312 claims.

**Notre Dame Project (Niobium Claims)**

On December 20, 2021, the company acquired, through electronic map staking, 35 mining claims located near the municipality of Notre-Dame de Lorette on the northern flank of the Lac St-Jean in Québec.

**Iceland Resources EHF**

The Iceland Properties are located in Iceland.

On November 16, 2016, the Company entered into a Binding Term Sheet with Iceland Resources EHF, an exploration company incorporated under the laws of the Republic of Iceland. On February 28, 2017, the Company and Iceland Resources executed a Purchase of Business Agreement (the “Purchase Agreement”), whereby the Company acquired all of the issued and outstanding shares of Iceland Resources for total consideration of \$850,000.

On October 6, 2018, the Company entered into a share purchase agreement (“SPA”) with the minority shareholders of Iceland Resources to acquire the remaining 40% interest in Iceland Resources, such that Iceland Resources is now a wholly owned subsidiary of the Company.

On October 11, 2018, Iceland Resources executed a share purchase and subscription agreement with Spá EHF and Íslensk Vatnsorka EHF to allow Iceland Resources to acquire a 15% interest in Íslensk Vatnsorka EHF, a private company with its main project being Hagavatnsvirkjun, a 10-20 MW hydropower plant located just south of Langjokull in Iceland.



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**6. Exploration and Evaluation Assets (continued)**

On June 29, 2020, the Company signed a binding letter of intent to acquire all of the issued and outstanding shares of Melmi ehf (“Melmi”), which owns a 100% interest in the Thor Gold Property. The Company only had a 41% farm-in option. Under the terms of the binding letter of intent, the Company will pay up to \$775,000 in consideration of the Melmi shares as follows:

- Pay \$65,000 upon the execution of the definitive share purchase agreement (“Definitive Agreement”) (paid);
- Pay an additional \$60,000 on the earlier of: (a) 90 days after execution of the Definitive Agreement; and (b) the start of drilling on the Thor Property (paid);
- Issue \$400,000 of non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, of which \$100,000 will be convertible into common shares of the Company at a deemed price of \$0.10 per share, \$150,000 at a deemed price of \$0.15 per share, and \$150,000 at a deemed price of \$0.20 per share (Note 12);
- As additional consideration, subject to and upon all the licenses applications having been granted, issue \$250,000 non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, and convertible into shares of the Company at a deemed price of \$0.20 per share. (This requirement has not yet been fulfilled.)

The fair value of the cash and the convertible debentures was determined to be \$519,573 and was based on a discount rate of 19% and a Black Scholes Pricing Model for the conversion feature.

**Kings of the North Corp**

During the year ended December 31, 2017, the Company established a wholly-owned subsidiary, KOTN, to facilitate mining transactions in Canada.

Sale of Kings of the North Corp.

On May 29, 2019, the Company and the minority shareholders of KOTN entered into a share purchase agreement with BWA, pursuant to which BWA acquired of all the issued and outstanding shares of KOTN for an aggregate consideration of \$7,500,000 or approximately £4,400,000 unsecured, convertible interest-free loan notes (“Notes”) with an initial repayment date three years after issued at a minimum price of £0.005 per share at the time of conversion.

On September 30, 2019, BWA’s shareholders voted to approve the acquisition of KOTN. The Company received £2,451,409 (CAD\$4,183,000) of convertible loan notes with a fair value of \$2,698,575 on the completion of the sale (Note 10) and recognized a gain on the disposal of \$1,445,974.

In December 2020, the Company terminated the letter agreement with BWA to reacquire 100% of KOTN. The Company has commenced legal action to seek full reimbursement and compensation of its expenses related to the agreement and outstanding debts of BWA and KOTN, as well as to review potential actions on behalf of its shareholders and as a shareholder and debtholder of BWA (Note 10).

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**6. Exploration and Evaluation Assets (continued)**

**Lithium Extraction Technology**

On December 7, 2017, the Company announced that it had entered into a final agreement to deploy its proprietary lithium extraction suite of technologies (“SX Technologies”).

The Company and Iconic Minerals Ltd (TSX-V: ICM) (“Iconic”) entered into a definitive exclusive technology licensing agreement for all sites to be operated by Iconic and/or its affiliates in the state of Nevada. In return for a perpetual license for the SX Technologies and its future improvements, Iconic will provide the following to St-Georges:

- Invest by way of private placement CAD \$100,000 in St-Georges equity within 6 months or the next private placement offering (Iconic executed its options to invest \$100,000 into the share capital of the Company on the private placement closed on January 14, 2019);
- Issue in total 5 million common shares (“Shares”) of Iconic to be released in stages, based on benchmarks reached. The performance schedule outlining the stages of each development phase where Shares will be issued according to the schedule below:
  - a) 2,000,000 shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report by the Company (received on August 29, 2019) (Note 9);
  - b) 1,500,000 shares at Stage 2 Benchmark completion: which is defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment; and
  - c) 1,500,000 shares at Stage 3 Benchmark completion: which is defined by the reception of a Preliminary Economical Assessment Report (PEA) or at commercialization decision or the third (3rd) year anniversary mark of this agreement assuming other issuance have all been done.

The shares, St-Georges earns in each stage will be escrowed for the duration of 36 months.

- A perpetual Net Revenue Interest Royalty (NRI) of 5% on all minerals produced on sites licensed with SX Technologies.

On July 24, 2019, the Company completed the Independent Review of Stage 1, and the report was delivered to Iconic. On August 29, 2019, Iconic issued 2,000,000 common shares to the Company (Note 9) with a fair value of \$118,293 upon completion of the Stage 1 benchmark.

**Lithium Processing Technology**

On December 1, 2020, the Company signed a Binding Letter of Intent with Altair International Corp. (“Altair”) (US-OTC: ATAQ), pursuant to which the Company has agreed to provide access to its patent-pending lithium processing technology for lithium-in-clay mineral deposits, and also agreed to jointly develop a patentable electric vehicle battery recycling industrial process.

In return for the access to the lithium processing technology and as part of their contribution in the development of patentable intellectual property related to EV Battery Recycling, Altair will issue a total of 6,000,000 common shares in 3 tranches as milestones mutually agreed upon are met. Altair will also make a total of US\$300,000 cash payment to the Company. Both companies will contribute equally to the battery recycling research & development effort and to the design and construction of a battery recycling industrial pilot-plant circuit in the Company contracted installations in Quebec.

During the fifteen months ended March 31, 2022, the Company received 2,000,000 shares of Altair at a fair value of \$557,920.

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**St-Georges Eco-Mining Corp.**  
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**6. Exploration and Evaluation Assets (continued)**

**St-Georges Metallurgy Corp.**

On February 27, 2020, the Company incorporated a new subsidiary, St-Georges Metallurgy Corp. (“St-Georges Metallurgy”). This entity is owned 100% by the Company.

On July 9, 2020, St-Georges Metallurgy entered a pilot-plant service agreement with Carrefour innovation sur les matériaux de la MRC des Sources (“CIMMS”), a Quebec-based, publicly funded laboratory. The agreement allows St-Georges Metallurgy access to a lithium metallurgical processing pilot plant.

On February 12, 2021, the Company and St-Georges Metallurgy, and Altair entered into a License and Royalty Agreement for Altair to license St-Georges Metallurgy’s patent-pending extraction methods and technology in separation, recovery, and purification of lithium and to act as an agent of the Company’s developing technology in battery recycling.

Pursuant to the License and Royalty Agreement, St-Georges Metallurgy will grant Altair a non-exclusive license to use the lithium extraction technology for any of Altair’s lithium-bearing prospects in the United States. In exchange for the license, Altair has agreed to grant the Company a 5% net revenue royalty on all metals and minerals extracted and processed using any of the Company’s methods or technologies.

**EVSX Corp.**

On January 20, 2021, the Company incorporated a new subsidiary, EVSX Corp. (“EVSX”). This entity is owned 100% by the Company.

On April 16, 2021, EVSX entered a binding term sheet to secure the site and building for its proposed battery recycling plant in the deep seaport of Baie-Comeau on the Quebec North Shore.

On June 21, 2021, the Company executed a final option agreement that allows the Company to secure the land and building for its proposed battery recycling plant. St-Georges issued to Roberge Industries Inc. a total of 250,000 common share warrants with an execution price of \$0.75 for two years.

On March 18, 2022, the initial location proposed for the Company’s first commercial showcase plant in Baie-Comeau was eliminated.

On March 12, 2021, the Company executed a definitive agreement with its new partner ID Manic. The agreement defines the mutual obligations and contributions of the partners related to the battery recycling feasibility study with a total estimated and projected allocation of \$600,000, of which \$300,000 is expected to be contributed from the Company’s funds on hand.

On July 26, 2021, the Company received a grant from the Natural Sciences and Engineering Research Council of Canada (“NSERC”) to initiate a partnership between St-Georges academic institutions within a new initiative called “A circular economy initiative to develop a Quebec-based production of fertilizer from the recycled products of lithium-ion batteries”.

In April 2022, the Company acquired three contiguous lots in Baie-Comeau totaling approximately 5,000 square meters for \$400,000. EVSX paid \$100,001 deposit in May 2022, and the balance of \$300,000 will be paid within 730 days.

In June 2022, EVSX acquired a building in Baie-Comeau to host its phase I development. EVSX closed the acquisition with \$258,694 and started generating revenues in July 2022 from the commercial rent in the building. During the period ended September 30, 2022, the Company recorded \$12,002 in rental income from the commercial rental in the building.

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**6. Exploration and Evaluation Assets (continued)**

In July 2022, EVSX commissioned and disbursed the initial payment of \$319,916 for manufacturing three identical battery-processing industrial units.

**H2SX Corp.**

On January 14, 2022, H2SX Corp. (“H2SX”) was incorporated as a wholly-owned subsidiary of the Company.

On April 25, 2022, H2SX executed a final agreement with the South Korean company Wintech Energy Corp. (“Wintech Energy”). The agreement allows H2SX to access Wintech Energy’s green hydrogen technology. Through this agreement, Wintech Energy becomes a shareholder of H2SX.

H2SX is acquiring a global non-exclusive license as well as an exclusive license for the territories of Iceland, the State of Nevada in the United States of America, and the Provinces of Quebec and Ontario in Canada. The exclusive license also covers all-natural resource-based operations in Canada. Additional intellectual property developed by the partners will be co-owned, half by H2SX and half by the licensors.

H2SX will issue a total of 990,000 common shares representing 9.9% of its common shares, in favor of Wintech (4.95%) and ZeeOne (4.95%). The parties will also receive preferred shares with a conversion rate potentially representing 10% of the outstanding shares of H2SX. No cash will be disbursed. A series of 5-year Special Milestone Warrants exercisable at CA \$1.00 will also be issued based on the milestones.

**7. Distributed, decentralized, peer-to-peer technologies and commitments**

On November 5, 2019, ZeU executed a joint venture agreement with Kamari Limited (“Kamari”) of Malta for the joint development and deployment of lotteries and gaming offerings in Africa (“JV Co.”).

Under the terms of the JV Co., both parties agreed to invest up to Euro 50,000, ZeU agreed, among other things, to grant JV Co. a non-exclusive licence to its technologies in exchange for a 30% interest in JV Co., and Kamari agreed to provide JV Co. with support in accessing online lottery markets exchange for a 70% interest in JV Co. As at September 30, 2022, the JV Co. remains inactive and did not incur any expenses or make any payments.

On January 31, 2020, ZeU entered into a binding term sheet with Dalgo Inc., a New York AI Specialist & Data Trading Exchange Developer. Dalgo Inc. will be integrated in the stage 2 development of the MulaMail data trading platform and in the SaaS Patient HealthCare data auction module development.

On August 13, 2020, ZeU initiated the process of obtaining a license to operate a financial institution in Malta. ZeU will integrate remittance and micro-lending, as well as the creation of Mula and ZeU-branded debit and credit cards to integrate with ZeU wallets and MulaMail accounts using ZeU’s stable staking tokens.

On September 28, 2020, ZeU entered into an arm’s length binding letter of intent with Prego and its majority shareholder to acquire 100% of issued and outstanding securities of Prego through a wholly owned subsidiary ZeUPay Inc. (“ZeUPay”) for consideration of \$8,125,000.

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**7. Distributed, decentralized, peer-to-peer technologies and commitments (continued)**

On February 8, 2021, ZeU executed a definitive agreement to acquire all of the issued and outstanding shares of Prego International Group AS, through ZeUPay for a total consideration of \$8,125,000 comprised of:

- a) Issuance of 2,500,000 common shares of ZeU at a price of \$0.25 (Done);
- b) The issuance of \$7,500,000 of convertible debentures of ZeUPay (Done); and
- c) The issuance of 7,500,000 non-transferable share purchase warrants of ZeU, each entitling the holder to acquire one common share of ZeU at a price of \$0.90 per share for a period of 12 months from the closing of the transaction, or at a price of \$1.50 for a period of 12 months from the date that is 12 months from the closing date (Done).

The primary reason for acquiring Prego was to acquire the custodial and legacy banking support for the Mula Platform as well as ZeU’s other DeFi and Gaming initiatives. ZeUPay offers default legacy KYC and AML coverage for a suite of initiatives.

The Goodwill acquired was the excess of the fair value purchase price over the net assets of Prego, of which significant amounts had been expensed in prior years and not capitalized. During the period ended March 31, 2022, ZeUPay expended \$2,058,592, including \$1,393,295 accretion expense for the debentures to acquire Prego.

An aggregate of 2,100,000 Consideration Shares and the Common Shares issuable upon conversion of the ZeUPay Debentures are subject to a voluntary resale restriction of one year from the Closing Date or the date of conversion, as applicable.

On March 2, 2021, ZeU completed the acquirement of Prego through its subsidiary ZeUPay.

<b>Consideration paid</b>	<b>CAD \$</b>
Convertible Debenture	7,500,000
Shares and Warrants issuance fair value	4,959,314
<b>Total consideration</b>	<b>12,459,314</b>

<b>Net assets acquired</b>	<b>CAD \$</b>
Cash	1
Intercompany receivables	13,662
Intangible assets	446,400
Goodwill	13,320,813
Accounts Payable	(1,309,891)
	<b>12,459,314</b>

The acquired Goodwill consists of the proprietary software, customer lists and previously acquired goodwill. At March 31, 2022, ZeU determined that the Goodwill was impaired as the costs to build and operate the platform of ZeUPay as planned have increased by many folds. There had been a flat fee for currency exchange gateway by the collaborating banks, whereas now there is a fee for every paired transaction, which means the fee in digital tokens to the users could amount to more than 20 times the previous cost. Other costs that previously allowed bypassing SWIFT costs have also significantly increased, forcing us to move to another protocol and rewrite everything from scratch.

As a result, the ZeU impaired the Goodwill and took a total write down of \$13,320,813.

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**7. Distributed, decentralized, peer-to-peer technologies and commitments (continued)**

On May 4, 2021, ZeU entered into a letter of intent with MoneyLine Sports Inc (“MoneyLine”), a licensed platform and provider of streaming sports content, to acquire all of their outstanding securities.

On August 11, 2021, ZeU executed the definitive agreement to acquire all of the issued and outstanding shares of MoneyLine through ZeU Gaming Inc. (“ZeU Gaming”), a wholly-owned subsidiary of ZeU for a total consideration of \$1,501,500.

On August 20, 2021, ZeU provided a principal sum of \$25,000 to MoneyLine without interest payable on the unpaid principal.

On September 24, 2021, ZeU did not complete the due diligence required to finalize the transaction and received notice from MoneyLine of their intent to withdraw from the proposed transaction. The share purchase agreement with MoneyLine was undone. No securities were issued.

ZeU developed Derivative Marketplace with its blockchain marketplace platform for Borealis Derivatives DEX ehf (“Borealis”), which is a Decentralized, Distributed, Digital Derivative marketplace. The pseudo-coding phase of the Marketplace’s platform has been initiated with the initial effort focused on the asset-spent back-stopped token.

During the year ended December 31, 2020, ZeU recorded revenue of \$354,860 related to the development of the Borealis Derivative Marketplace.

On April 20, 2022, ZeU announced that management had initiated the process required to distribute the majority of its ownership in its banking and financial services subsidiary, ZeUPay, to its shareholders via a plan of arrangement under the rules in place in the province of Quebec. Shares of record of ZeU at a record date to be established further along in the process will be entitled to a pro-rata distribution of ZeUPay Inc. common shares.

**8. Research and development expenses**

During the period ended September 30, 2022, ZeU incurred expenditures of \$312,938 (2021 - \$382,926) related to the development of its distributed and decentralized encrypted communication platform,

EVSX incurred expenditures of \$201,617 (2021 - \$292,602) related to the development of the battery recycling process, St-Georges Metallurgy incurred \$56,994 (2021 - \$nil) related to the development of a process for spodumene, lepidolite, nickel and cobalt extraction, with a focus on a greener and more economical approaches, and H2SX incurred \$75,000 (2021 - \$nil) related to the development of implements innovative cheap and clean hydrogen production solutions.

Since the technological and commercial stage has not yet been reached, all these expenditures were expensed in the consolidated statement of loss and comprehensive loss.

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**9. Marketable Securities and Equity Investments**

Marketable securities consist of shares of publicly traded companies. Marketable securities are reported at their fair market value. The Company has the following investments at fair value as of September 30, 2022, and March 31, 2022:

	September 30, 2022		March 31, 2022	
	Number of Shares	Fair value \$	Number of Shares	Fair value \$
Iconic Minerals Ltd. (“Iconic”) <sup>(1)</sup>	2,000,000	200,000	2,000,000	66,512
ThreeD Capital Inc. <sup>(2)</sup>	300,000	150,000	300,000	198,000
BWA Group PLC	3,000,000	-	60,000,000	-
Altair International Corp. <sup>(4)</sup>	2,000,000	52,020	2,000,000	63,645
		402,020		328,157

- (1) On August 29, 2019, Iconic issued 2,000,000 common shares with a fair value of \$118,293 to the Company upon completion of the Stage 1 benchmark. The shares will remain in escrow for three years (Note 6). As at September 30, 2022, the fair value of this marketable security was \$200,000.
- (2) On November 25, 2020, the Company received 300,000 common shares of ThreeD at a price of \$0.48 per common share and a cash payment of \$6,000 from ThreeD for the acquisition of 1,500,000 units of the Company at a price of \$0.10 per unit, a private placement closed on November 25, 2020.

On January 7, 2021, ZeU received 185,185 common shares of ThreeD Capital Inc. at a deemed price of \$0.81 per share from ThreeD Capital Inc. for the acquisition of 600,000 units of ZeU at a price of \$0.25 per unit.

During the period ended September 30, 2021, the ZeU sold 185,185 shares of ThreeD for proceeds of \$126,245 (cost of \$150,000). During the period ended September 30, 2021, the Company recorded a loss of \$23,755 upon the sale of 185,185 shares of ThreeD.

- (3) In January 2021, the Company received 2,000,000 shares of Altair International Corp. (USOTC: ATA0) upon signing the Binding Letter of Intent. (Note 6)

During the period ended September 30, 2022, the Company recorded a loss of \$nil (2021 - \$23,755) upon the sale of certain shares and an unrealized gain of \$73,863 (2021 - \$746,249 loss) on the marketable securities held.

As of December 31, 2020, the Company remains a significant shareholder of BWA but no longer has the ability to appoint an officer or a director of BWA. As such, the Company no longer has significant influence over BWA; accordingly, the investment is recorded at fair value. As at December 31, 2020, the last significant trading price of the BWA shares was £0.002, and the shares were thinly traded. Management estimated at the time that it would take several years to dispose of the BWA shares based on the current trading volume and accordingly impaired the investment to \$nil. On December 31, 2020, the Company recorded an impairment loss of \$402,451 related to the BWA shares.

On July 25, 2022, the Company sold 57,000,000 shares of BWA, representing the majority of its holding of BWA to G&O Energy Investments Ltd. for \$57,000.

As at September 30, 2022, the Company held 3,000,000 (March 31, 2022 – 60,000,000) shares of BWA.

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**10. Convertible debenture investment**

On September 30, 2019, the Company received £2,451,409 of convertible debenture with a fair value of \$2,698,575 upon the completion of the sale of KOTN to BWA (Note 6). The BWA convertible debenture is unsecured, interest-free with an initial repayment date of 3 years from its issuance, and convertible into shares of BWA at a minimum price of £0.005 per share at the time of conversion or the VWAP of the 10 consecutive trading days preceding conversion. The conversion option is limited to 29% of the voting rights at the conversion date. On October 31, 2019, the Company converted £300,000 of the convertible debenture (Note 9) with a fair value of \$459,443 into 60,000,000 ordinary shares of BWA. As at December 31, 2019, the remaining principal amount of the convertible debenture investment is £2,151,409, and the fair value is \$2,213,564.

Due to a legal dispute that arose in the year ended December 31, 2020, that has not yet been settled, the Company determined that the likelihood of receiving value in a timely manner for the note was in doubt. As a result, the principal amount of the convertible loan receivable from BWA of £2,151,409 with a fair value of \$2,238,797 was impaired in that year. Should the dispute be resolved at a future date, any proceeds received will be recorded in that period.

On July 29, 2022, the Company sent a conversion notice to BWA to convert part of its convertible debentures into 116,412,500 ordinary shares of BWA. BWA declined the conversion. The Company's solicitors in the UK sent BWA a demand letter in response to their refusal to honor their obligation.

**11. Accounts payable and accrued liabilities**

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
	\$	\$
Accounts payable (Note 17)	2,787,539	2,451,980
Accrued liabilities (Note 17)	137,221	203,552
	<u>2,924,760</u>	<u>2,655,532</u>



## St-Georges Eco-Mining Corp.

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#### 12. Convertible Debentures

The convertible debentures as at September 30, 2022 and March 31, 2022 are as follows:

	Convertible Debenture at Fair Value	Debt due on Demand at Amortized Cost	Total
	\$	\$	\$
<b>Balance at March 31, 2022</b>	<b>5,628,913</b>	<b>4,382,144</b>	<b>10,011,057</b>
Accretion expense and interest	649,859	140,447	790,306
Foreign exchange	(9,698)	(54,000)	(63,698)
<b>Balance at September 30, 2022</b>	<b>6,269,074</b>	<b>4,468,591</b>	<b>10,737,665</b>
<b>Current-term</b>	<b>(11,420)</b>	<b>(4,468,591)</b>	<b>(4,480,011)</b>
<b>Long-term</b>	<b>6,257,654</b>	<b>-</b>	<b>6,257,654</b>

The convertible debentures as at March 31, 2022 and December 31, 2020 are as follows:

	Convertible Debenture at Fair Value	Convertible Debenture at Amortized Cost	Debt due on Demand at Amortized Cost	Derivative Liability	Total
	\$	\$	\$	\$	\$
Balance at December 31, 2020	4,567,620	147,592	3,519,585	108,273	8,343,070
Convertible debenture issued	4,134,720	-	513,359	-	4,648,079
Convertible debenture on acquisition	92,198	-	-	-	92,198
Accretion expense and interest	2,019,236	2,370	349,200	-	2,370,806
Settlement of convertible debentures with Kamari tokens	(4,507,271)	-	-	-	(4,507,271)
Conversion to equity and buyback	(670,139)	(149,962)	-	(108,273)	(928,374)
Fair value adjustment	(7,451)	-	-	-	(7,451)
<b>Balance at March 31, 2022</b>	<b>5,628,913</b>	<b>-</b>	<b>4,382,144</b>	<b>-</b>	<b>10,011,057</b>
<b>Current-term</b>	<b>(8,700)</b>	<b>-</b>	<b>(4,382,144)</b>	<b>-</b>	<b>(4,390,844)</b>
<b>Long-term</b>	<b>5,620,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,620,213</b>

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**12. Convertible Debentures (continued)**

**a) Convertible Debentures issued in 2018**

On October 6, 2018, the Company granted a 6% unsecured convertible debenture for an aggregate principal amount of \$300,000. The convertible debenture issued had a maturity date of October 6, 2019, and can be convertible into common shares of the Company at the 5-day weighted average share price, subject to a minimum price of \$0.15.

During the year ended December 31, 2019, debentures with a total face value of \$277,209, together with accrued interest were converted into 1,848,060 shares. On October 6, 2019, the Company extended the maturity date of the remaining \$22,791 debentures to October 6, 2021.

The variance between the discounted cash flow of the debt based on the original terms and the amended terms at the modification date was greater than 10%. Accordingly, the amendment to the terms of the convertible debentures was accounted as an extinguishment of debt in accordance with IFRS 9.

On October 11, 2018, the Company granted three 6% unsecured convertible debentures for an aggregate principal amount of \$600,000. The convertible debentures issued had a maturity date of October 11, 2028, and can be convertible into common shares of the Company at a 20% discount from the 7-day weighted average share price, subject to minimum prices ranging from \$0.10 to \$0.20. During the year ended December 31, 2018, debentures with fair value of \$200,000 were converted into 2,000,000 shares.

During the year ended December 31, 2019, debentures with a total face value of \$200,000, together with accrued interest were converted into 1,333,333 shares.

On February 10, 2021, the \$200,000 convertible debenture plus \$27,518 accrued interest was converted into 1,137,589 common shares of the Company at a price of \$0.20 per share (Note 13).

On May 10, 2021, the Company issued 17,669 common shares for the conversion of convertible debentures of the principal amount of \$5,656 plus accrued interest of \$864 at a price of \$0.369 per share (Note 13).

On June 14, 2021, the Company issued 2,620 common shares for the conversion of convertible debentures of the principal amount of \$870 plus accrued interest of \$139 at a price of \$0.385 per share (Note 13).

On August 2, 2021, the Company redeemed \$16,265 of convertible debentures issued in 2018 and \$7,632 of accrued interest with \$23,897 in cash.

As at September 30, 2022, the Carrying value of the convertible debentures issued in 2018, including accrued interest was \$nil (March 31, 2022 - \$nil), and the accretion and interest expense recognized during the period ended September 30, 2022 was \$nil (2021- \$1,228).

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**12. Convertible Debentures (continued)**

**a) Convertible Debentures issued in 2018 (continued)**

On July 5, 2018, ZeU closed an initial tranche of its 10% unsecured convertible debentures offering for an aggregate principal amount of \$4,783,692, of which \$3,708,692 was issued in consideration of digital currencies delivered to ZeU, \$550,000 was issued pursuant to signing bonus's where the management and consulting services will be earned over a period of four years, and \$525,000 were issued for cash consideration. Each convertible debenture issued by ZeU had a maturity date of July 5, 2020, and can be convertible into common shares of ZeU at the greater of \$1.00 or the price listed for each common share on an exchange. As the conversion price is variable, ZeU accounted for the convertible debentures issued for cash, based on IAS 32, as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component, which is recorded at amortized cost and will be accreted to face value over the life of the convertible note. The derivative liability component is remeasured at fair value at each period subsequent to initial recognition.

The convertible debentures of \$4,258,692 issued for the digital currencies and the signing bonuses were accounted as share-base payments in accordance with IFRS 2. The fair value of the debt component of these convertible debentures at inception was determined to be \$3,837,784, based on the estimated interest rate of 17% on the liability component, and the residual value of \$420,908 was recorded in the capital surplus.

On December 30, 2019, \$1,191,209 of these debentures, representing 25% of the principal amount together with accrued interest of the outstanding 10% debentures, were converted into 1,191,209 common shares of ZeU at a price of \$1 per share upon the listing of the shares on the CSE (Liquidity Event).

On July 5, 2020, the convertible debentures, with a face value of \$3,157,524, which were issued in 2018, matured. A portion of these convertible debentures, with a face value of \$2,801,274, were not renewed and are now due on demand and are presented as debt due on demand.

On July 7, 2020, ZeU entered into amending agreements with debenture holders to amend the terms of the remaining 2018 convertible debentures with a face value of \$371,354. The principal balance plus accrued interest totalling \$427,695 was converted into the 2020 convertible debentures on the terms described below.

As at September 30, 2022, the carrying value, including principal and interest of the debt due on demand was \$4,009,232 (March 31, 2022 – \$3,868,785), and interest expense recognized during the period was \$140,447 (2021 – \$140,447).

**b) Convertible Debentures issued in 2019**

On February 4, 2019, under the agreement with VN3T, ZeU issued a debenture in the amount of \$150,000 to VN3T (Note 7) in consideration for acquired research and development technology. The debenture matures in 2 years from its issuance and is convertible into common shares of ZeU at a price equal to the 5-day VWAP of ZeU's shares on the CSE, subject to a minimum of \$1.85.

The convertible debenture was accounted as share-based payment in accordance with IFRS 2 as the consideration received was in the form of goods and services. The fair value of the debt component at inception was determined to be \$107,137, based on an interest rate of 17%, and the residual value of \$42,864 was recorded in capital surplus. As at December 31, 2019, the carrying value of the convertible debentures, including accrued interest was \$124,699.

As at December 31, 2020, the carrying value of the convertible debentures of ZeU issued to VN3T, including accrued interest was \$147,592.

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**12. Convertible Debentures (continued)**

**b) Convertible Debentures issued in 2019 (continued)**

On March 1, 2021, ZeU entered into a debt settlement agreement with the debenture holder, and the \$150,000 debentures were converted into 217,391 common shares of ZeU at a deemed price of \$0.69 per share.

On February 25, 2019, ZeU retained the services of Cassiopeia Services Ltd. ("CSL"), a UK-based communication and investor awareness firm specializing in blockchain technology. ZeU issued a debenture in the amount of \$50,000 to CSL, which is convertible at the greater of \$1.00 per share or the price listed for each common share on an exchange for a period of 2 years. The convertible debenture was accounted as share-based payment in accordance with IFRS 2. The fair value of the debt component at inception was determined to be \$35,713, based on an interest rate of 17%, and the residual value of \$14,287 was recorded in capital surplus.

On February 11, 2020, the \$50,000 convertible debenture was converted into 50,000 common shares of ZeU at a price of \$1.00 per share.

On November 13, 2019, ZeU completed a 12% unsecured convertible debenture financing in the principal amount of \$7,834,000, and in consideration, ZeU received digital currency, consisting of 24,000,000 Kamari ("KAM") from Kamari Limited (Note 7). Each convertible debenture may be converted into common shares of ZeU at a price equal to the greater of (i) \$1.50, and (ii) if the date of any conversion occurs after ZeU completes a transaction ("Liquidity Event") pursuant to which it will become a "reporting issuer" under applicable Canadian securities laws, the 10-day volume-weighted average trading price of the shares of ZeU, immediately prior to the applicable conversion date. The debenture issued pursuant to the offering will have a maturity date of May 12, 2022. The KAM are subject to voluntary transfer restrictions (Note 7).

This Kamari convertible debenture was accounted as share-based payment in accordance with IFRS 2 as ZeU received intangible assets. The fair value of the digital currencies received in consideration for the convertible debentures with the principal amount of \$7,834,000 was \$6,881,396, and the fair value of the conversion feature was determined to be \$nil. Accordingly, the fair value of the Kamari convertible debentures at the date of issuance was \$6,881,396 and was determined based on an interest rate of 17%. The Kamari Convertible debenture will be carried at fair value, with changes in fair value recorded in the statement of loss and comprehensive loss.

Upon the occurrence of a Liquidity Event, ZeU will be entitled to require the holders of the convertible debentures to convert up to 50% of the principal amount outstanding, together with any accrued and unpaid interest owing thereon, into shares of ZeU at the conversion price described above. On December 30, 2019, ZeU converted \$3,963,445, representing 50% of the principal amount, together with accrued interest on the outstanding Kamari convertible debentures into 2,642,297 common shares of ZeU at a price of \$1.50 per share.

On March 31, 2021, ZeU exercised its option to repay \$500,000 of the Kamari convertible debentures and all accrued interest for a total of \$1,161,834 using 3,336,564 KAM tokens.

On March 21, 2022, the Company exercised its options to repay the remaining \$3,417,000 of the Kamari convertible debentures and all accrued interest for a total of \$3,815,806 using 15,338,551 KAM tokens.

As at March 31, 2022, the carrying value of the Kamari convertible debentures, including accrued interest was \$nil (December 31, 2020 - \$3,904,516).

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**12. Convertible Debentures (continued)**

**c) Convertible Debentures issued in 2020**

On July 7, 2020, ZeU entered into amending agreements with certain of the 2018 debenture holders to amend the terms of convertible debentures with a face value plus accrued interest of \$427,695, which matured on July 5, 2020.

Under the terms of the amended debentures (“Amended Debentures”), the maturity date has been extended two years from July 5, 2020 to July 5, 2022, and in exchange:

- 1) The floor conversion price of the principal amount of the Amended Debentures has been reduced from \$1.00 to \$0.25 per share;
- 2) The interest has been raised from 10% to 12%;
- 3) The Amended debentures now rank in priority of all unsecured debts; and
- 4) ZeU issued 1,718,972 warrants with a term of 2 years and an exercise price of \$0.30 per common share purchase for every tranche of \$0.25 of original debenture principal plus accrued interest. The proceeds of the warrants will be used to buy back the debentures if it has not been repaid or converted at the time of the warrants exercise.

The fair value of the new convertible debenture at inception was determined to be \$371,354, and the fair value of the warrants issued for this modification was \$160,724. The fair value of the convertible debenture was determined using a market interest rate of 17%, and the fair value of the warrants issued was estimated using a Black-Scholes Option Pricing Model (Stock price \$0.18, exercise price of \$0.3, volatility 200%, risk free interest rate of 2.40%, discount for lack of market ability of 35% and 0% dividend yield).

On July 28, 2020, ZeU converted \$36,016 of the principal amount together with accrued interest on the outstanding 12% debentures into 145,106 common shares of ZeU at a price of \$0.25 per share. These shares were issued after the year ended December 31, 2020. On December 22, 2020, ZeU converted \$240,040 of the principal amount together with accrued interest on the outstanding 12% debentures into 1,030,200 common shares of ZeU at a price of \$0.25 per share.

On January 14, 2021, ZeU redeemed \$27,012 of amended convertible debentures with \$27,012 in cash.

On January 14, 2021, ZeU converted \$23,835 of the principal amount together with accrued interest into 95,339 common shares of ZeU at a deemed price of \$0.25 per share.

On January 26, 2021, ZeU converted \$19,216 of the principal amount together with accrued interest into 35,585 common shares of ZeU at a price of \$0.54 per share (volume weighted average price (“VWAP”)).

On February 17, 2021, 255,034 warrants of ZeU were exercised, and the proceeds of \$76,510 were used to buy back the principal amount together with accrued interest.

As at September 30, 2022, the carrying value, including principal and interest of the 2020 amended convertible debentures was \$11,420 (March 31, 2022 - \$8,700), and interest expense recognized during the period was \$2,720 (\$2021 - \$1,628).

On October 23, 2020, pursuant to the acquisition of Melmi agreement, the Company issued the following convertible debentures:

- \$100,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of \$0.10 per shares; and
- \$150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of \$0.15 per shares; and
- \$150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares if the Company at a deemed price of \$0.20 per shares; and

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**12. Convertible Debentures (continued)**

**c) Convertible Debentures issued in 2020 (continued)**

The fair value of the liability component at inception was determined to be \$229,151 based on an interest rate of 25%, and the residual value of \$170,849 was recorded in equity component of debenture. As at December 31, 2020, the carrying value of the convertible debentures of the Company issued in 2020, including accrued interest was \$300,524.

On February 26, 2021, the \$100,000 convertible debenture plus \$2,000 accrued interest was converted into 1,020,000 common shares of the Company at a price of \$0.10 per share (Note 13).

On February 26, 2021, the \$150,000 convertible debenture plus \$3,000 accrued interest was converted into 1,020,000 common shares of the Company at a price of \$0.15 per share (Note 13).

On February 26, 2021, the \$150,000 convertible debenture plus \$3,000 accrued interest was converted into 765,000 common shares of the Company at a price of \$0.20 per share (Note 13).

As at March 31, 2022, the carrying value, including principal and interest of the Melmi convertible debentures was \$nil (December 31, 2020 - \$300,524), and interest expense recognized during the period was \$nil (2021 - \$351).

**d) Convertible Debentures issued in 2021**

On March 2, 2021, ZeUPay issued 7,500,000 convertible debentures for the acquisition of Prego.

The ZeUPay Debentures mature in 4 years from its issuance and bear interest at the rate of 6.00% per annum until the earlier of: (i) their date of conversion or (ii) 48 months from the Closing Date (the "Maturity Date"). The interest on the ZeUPay Debentures may, at the sole discretion of ZeUPay, be paid (i) in cash or (ii) by the issue of the equivalent value in common shares of ZeUPay at a price per share equal to the greater of (a) \$1.00 and (b) the last financing price of ZeUPay.

The principal amount of the ZeUPay Debentures, together with the interest accrued thereon, will automatically convert into common shares of ZeUPay on the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event, at a conversion price equal to the higher of: (a) \$1.00 and (b) the last financing price of ZeUPay.

Holders of the ZeUPay Debentures have a right to convert all of the outstanding principal amount of the ZeUPay Debentures, together with the interest accrued thereon, into common shares of the Company at a price equal to the higher of: (i) \$1.00 and (ii) the 5-day volume-weighted average price of the Common Shares on the CSE, at any time prior to the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event. The fair value of the debt component at inception was determined to be \$4,134,720, based on a risk adjusted interest rate of 17%, and the residual value of \$3,365,280 was recorded in capital surplus.

As at September 30, 2022, the carrying value, including principal and interest of the ZeUPay debentures was \$6,175,154 (March 31, 2022 - \$5,528,015), and interest expense recognized during the period was \$647,139(2021 - \$749,691).

During the period ended September 30, 2022, the Company recognized accretion and interest expenses of \$790,306 (2021 - \$1,153,881) on all the convertible debentures.

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**13. Share Capital**

**a) Common Shares**

The Company is authorized to issue an unlimited number of common shares with no par value.

**2021**

On February 5, 2021, the Company closed a non-brokered private placement of 1,428,571 units at a price of \$0.14 per unit, for an aggregate gross proceed of \$200,000. Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.21 per share until February 5, 2023.

On February 10, 2021, the Company issued 1,137,589 shares for the conversion of convertible debentures of the principal amount of \$200,000 plus interest accrued of \$27,518 at a price of \$0.20 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$352,653.

On February 26, 2021, the Company issued 2,805,000 shares for the conversion of convertible debentures of the principal amount of \$100,000 plus accrued interest of \$2,000 at a price of \$0.10 per share, principal amount of \$150,000 plus accrued interest of \$3,000 at a price of \$0.15 per share, and principal amount of \$150,000 plus accrued interest of \$3,000 at a price of \$0.20 per share. The carrying value of the debt component and the equity component of debenture at the conversion date was \$2,272,050.

On March 3, 2021, the Company closed its first tranche non-brokered private placement of 10,000,000 units at a price of \$0.50 and 7,831,632 flow-through units at a price of \$0.60 for total gross proceeds of \$9,698,979.

Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.65 until the first 18 months from the issuance, and \$1.05 for the 18 months thereafter, together 36 months expiry period. Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.75 until the first 18 months from the issuance and \$1.25 for the 18 months thereafter, together 36 months expiry period. The Company paid finder fee of \$201,034 in cash, issued 140,000 non-transferable Finders warrants at an exercise price of \$0.65 until March 3, 2024, and issued 169,890 non-transferable finders warrants at an exercise price of \$0.75 until March 3, 2024.

On March 11, 2021, the Company closed its final tranche non-brokered private placement of 1,083,333 flow-through units at a price of \$0.60 for gross proceeds of \$650,000.

Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.75 until the first 18 months from the issuance and \$1.25 for the 18 months thereafter.

The Company paid finder fee of \$39,000 in cash and issued 65,000 non-transferable finders warrants at an exercise price of \$0.75 until March 12, 2024.

On April 19, 2021, the Company issued 375,000 common shares to settle \$60,000 of accounts payable for its subsidiary EVSX.

On May 10, 2021, the Company issued 17,669 common shares for the conversion of convertible debentures of the principal amount of \$5,656 plus accrued interest of \$864 at a price of \$0.369 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$6,714.

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**13. Share Capital (continued)**

**Common Shares (continued)**

**2021 (continued)**

On June 14, 2021, the Company issued 2,620 common shares for the conversion of convertible debentures of the principal amount of \$870 plus accrued interest of \$139 at a price of \$0.385 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$1,009.

On August 12, 2021, the Company issued 100,000 common shares at a fair value of \$27,000 to the vendor for the acquisition of 28 mineral claims adjacent to the Julie Nickel project.

On November 22, 2021, pursuant to the agreement, the Company issued 1,000,000 common shares with a deemed value of \$500,000 to Exploration J. F. Inc.

On November 30, 2021, the Company closed its non-brokered private placement of 10,127,273 flow-through units at a price of \$0.55 for gross proceeds of \$5,570,000.

Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one-half flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.65 until November 30, 2023. The Company paid finder fee of \$302,700 in cash and issued 557,273 non-transferable finders warrants at an exercise price of \$0.65 until November 30, 2023.

On December 21, 2021, the Company closed its non-brokered private placement of 4,185,714 units at a price of \$0.35 for gross proceeds of \$1,465,000. The proceeds of the offering are used to advance its subsidiary H2SX Corp. for the green hydrogen initiative.

Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at an exercise price of \$0.40 until June 21, 2023. The Company paid finder fees of \$98,000 in cash and issued 280,000 non-transferable finders warrants at an exercise price of \$0.40 until June 21, 2023.

During the fifteen months ended March 31, 2022, the Company issued 3,670,000 common shares for stock options exercised for proceeds of \$396,500 and issued 14,270,300 common shares for warrants exercised for proceeds of \$2,698,810.

During the fifteen months ended March 31, 2022, the Company received \$140,000 of subscriptions receivable from prior year private placement. The Company recorded a write-off of \$435,000 subscription receivable. The balance of subscription receivable as at March 31, 2022 was \$95,000.

During the period ended September 30, 2022, the Company received \$95,000 of subscriptions receivable from prior year private placement and stock options exercise. The balance of subscription receivable as at September 30, 2022 is \$nil.

**b) Preferred shares**

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value. The Company has not issued any preferred shares.

**c) Share-based payment reserve**

The share-based payment reserve account is used to record the accumulated fair value of stock options recognized as share-based payments. The reserve is increased by the fair value of these items on vesting and is reduced by the corresponding amounts when options are exercised (Note 14).



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**13. Share Capital (continued)**

**d) Warrants**

The following is a summary of changes in warrants from January 1, 2021 to September 30, 2022:

	Number of Warrants	Weighted Average Exercise Price
		\$
<b>Balance as at January 1, 2021</b>	<b>25,770,300</b>	<b>0.19</b>
Issued	31,055,049	0.625
Exercised	(15,059,580)	0.189
Expired	(6,500,000)	0.185
<b>Balance as at March 31, 2022 and September 30, 2022</b>	<b>35,265,769</b>	<b>0.57</b>

On January 14, 2021, 6,300,000 warrants expired unexercised.

On March 3, 2021, the Company elected to exercise its right to accelerate the expiry date of 5,217,800 warrants of the Company issued on or before November 1, 2020, to April 5, 2021.

On April 5, 2021, 200,000 warrants expired unexercised.

On September 2, 2022, the Company extended the expiry dates of certain warrants issued during its private placement financings as follows:

<u>Number of Warrants</u>	<u>Current Expiry Date</u>	<u>Revised Expiry Date</u>
1,428,571	February 5, 2023	February 5, 2024
10,000,000	Exercise price of \$0.65 for a period of 18 months following the closing date, and \$1.05 for the 18 months thereafter.	Exercise price of \$0.65 for a period of 30 months following the closing date, and \$1.05 for the 6 months thereafter.
7,831,632	Exercise price of \$0.75 for a period of 18 months following the closing date, and \$1.25 for the 18 months thereafter.	Exercise price of \$0.75 for a period of 30 months following the closing date, and \$1.25 for the 6 months thereafter.
1,083,333	Exercise price of \$0.75 for a period of 18 months following the closing date, and \$1.25 for the 18 months thereafter.	Exercise price of \$0.75 for a period of 30 months following the closing date, and \$1.25 for the 6 months thereafter.
5,063,636	November 30, 2023	November 30, 2024
4,185,714	June 21, 2023	June 21, 2024

As at September 30, 2022, the warrants have a remaining average life of 1.39 years (March 31, 2022 – 1.59 years).

**e) Capital surplus**

Capital surplus includes the equity component of the convertible debentures issued for goods and services (Note 12) attributable to the Company. As at September 30, 2022, the carrying value was \$2,657,874 (March 31, 2022 - \$2,657,874).

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**14. Share-based Payments**

**Stock Option Plan**

On September 1, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of directors of the Company may, from time to time, at its discretion, and in accordance with CSE requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant.

The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot sold on the CSE on the trading day immediately preceding the date of grant. The option price is payable in full at the time the option is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

On January 21, 2021, the Company issued 500,000 stock options, vesting immediately, with an exercise price of \$0.20. The Company estimated a grant date fair value of these options of \$70,781. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.145; exercise price of \$0.20; expected life of 5 years; expected volatility of 207%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$70,781 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On January 21, 2021, the Company issued 300,000 stock options, vesting immediately, with an exercise price of \$0.20. The Company estimated a grant date fair value of these options of \$36,644. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.145; exercise price of \$0.20; expected life of 3 years; expected volatility of 172%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$36,644 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On May 18, 2021, the Company issued 1,025,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$223,100. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.295; exercise price of \$0.45; expected life of 2 years; expected volatility of 175%; risk free interest rate of 0.32%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$223,100 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On July 23, 2021, the Company issued 300,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$59,093. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.275; exercise price of \$0.45; expected life of 2 years; expected volatility of 171%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$59,093 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

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**14. Share-based Payments (continued)**

On October 26, 2021, the Company issued 700,000 stock options, vesting immediately, with an exercise price of \$0.60. The Company estimated a grant date fair value of these options of \$225,464. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.44; exercise price of \$0.60; expected life of 2 years; expected volatility of 169%; risk free interest rate of 0.86%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$225,464 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On October 26, 2021, the Company issued 5,500,000 stock options, vesting immediately, with an exercise price of \$0.60. The Company estimated a grant date fair value of these options of \$2,333,469. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.44; exercise price of \$0.60; expected life of 5 years; expected volatility of 192%; risk free interest rate of 1.33%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$2,333,469 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On March 1, 2022, the Company issued 250,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$79,063. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.33; exercise price of \$0.45; expected life of 5 years; expected volatility of 186%; risk free interest rate of 1.48%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$79,063 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

Stock-based compensation related to options issued by ZeU during the period ended September 30, 2022 was \$nil (2021 - \$727,630).

The following options were outstanding as at September 30, 2022:

Grant Date	Expiry Date	Exercise Price	Closing balance March 31, 2022	Issued	Cancelled/ Exercised/ Expired	Closing balance September 30, 2022	Vested
April 19, 2018	April 19, 2023	\$ 0.80	3,850,000	-	-	3,850,000	3,850,000
April 19, 2018	April 19, 2023	\$ 0.70	250,000	-	-	250,000	250,000
December 8, 2020	December 7, 2023	\$ 0.20	1,100,000	-	-	1,100,000	1,100,000
December 8, 2020	December 7, 2025	\$ 0.20	5,080,000	-	-	5,080,000	5,080,000
January 22, 2021	December 28, 2022	\$ 0.20	500,000	-	-	500,000	500,000
January 22, 2021	January 22, 2024	\$ 0.20	300,000	-	-	300,000	300,000
May 18, 2021	May 18, 2023	\$ 0.45	1,025,000	-	-	1,025,000	1,025,000
July 23, 2021	July 23, 2023	\$ 0.45	300,000	-	-	300,000	300,000
October 26, 2021	October 26, 2023	\$ 0.60	700,000	-	-	700,000	700,000
October 26, 2021	October 26, 2026	\$ 0.60	5,500,000	-	-	5,500,000	5,500,000
March 1, 2022	March 1, 2027	\$ 0.45	250,000	-	-	250,000	250,000
			18,855,000	-	-	18,855,000	18,855,000

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**14. Share-based Payments (continued)**

The following options were outstanding as at March 31, 2022:

Grant Date	Expiry Date	Exercise Price	Closing balance December 31, 2020	Issued	Cancelled/ Exercised/ Expired	Closing balance March 31, 2022	Vested
July 19, 2016	July 19, 2021	\$ 0.075	2,150,000	-	(2,150,000)	-	-
June 1, 2017	June 1, 2022	\$ 0.075	550,000	-	(550,000)	-	-
April 19, 2018	April 19, 2021	\$ 0.80	400,000	-	(400,000)	-	-
April 19, 2018	April 19, 2023	\$ 0.80	3,850,000	-	-	3,850,000	3,850,000
April 19, 2018	April 19, 2023	\$ 0.70	250,000	-	-	250,000	250,000
December 8, 2020	December 7, 2023	\$ 0.20	1,100,000	-	-	1,100,000	1,100,000
December 8, 2020	December 7, 2025	\$ 0.20	6,050,000	-	(970,000)	5,080,000	5,080,000
January 22, 2021	January 22, 2024	\$ 0.20	-	500,000	-	500,000	500,000
January 22, 2021	January 22, 2024	\$ 0.20	-	300,000	-	300,000	300,000
May 18, 2021	May 18, 2023	\$ 0.45	-	1,025,000	-	1,025,000	1,025,000
July 23, 2021	July 23, 2023	\$ 0.45	-	300,000	-	300,000	300,000
October 26, 2021	October 26, 2023	\$ 0.60	-	700,000	-	700,000	700,000
October 26, 2021	October 26, 2026	\$ 0.60	-	5,500,000	-	5,500,000	5,500,000
March 1, 2022	March 1, 2027	\$ 0.45	-	250,000	-	250,000	250,000
			14,350,000	8,575,000	(4,070,000)	18,855,000	18,855,000

As at September 30, 2022, the stock options have a weighted average exercise price of \$0.48 (March 31, 2022 - \$0.48) and weighted average remaining life of 2.41 years (March 31, 2022 - 2.94 years).

**15. Financial Risk Management and Financial Instruments**

**Financial Risk**

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward are achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties. The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk.

*Market Risk*

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rates or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private placements.

As at September 30, 2022, the Company has current liabilities of \$7,508,433 (March 31, 2022 - \$7,154,675) due within 12 months and has cash of \$1,449,077 (March 31, 2022 - \$3,937,083) to meet its current obligations. Liquidity risk is assessed as low.

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**15. Financial Risk Management and Financial Instruments (continued)**

*Credit Risk*

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the maximum exposure to any potential credit risk and the risk is assessed as low.

*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’s convertible debentures have fixed interest rates and, accordingly, are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk as it considers its interest rate risk to be minimal.

*Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company has operations in Iceland, and the exchange risk is not considered significant considering the level of assets and liabilities.

*Fair Value Measurement*

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of cash, accounts receivable, and accounts payables are considered to be a reasonable approximation of fair value because of their short-term maturities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Derivative liability and convertible denture investment are measured using level 3 inputs. The fair value of the derivative liability was determined using Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.10 - \$2.5 (ZeU)	\$0.11 (Zeu) - \$0.13
Exercise price	\$0.15 - \$1	\$0.10 - \$1
Expected life	0.51 - 8.79 years	0.75 - 9.79 years
Volatility	108% - 284%	236% - 289%
Risk free interest rate	1.70%	1.86%
Dividend yield rate	0%	0%
Forfeiture rate	0%	0%

The fair value of the convertible debenture investment was determined using an interest market rate of 17% and a Black-Scholes Option Pricing Model for the conversion feature using the following assumptions; share price of £0.003; exercise price of £0.005; expected life of 2.7 years; expected volatility of 70.65%; risk free interest rate of 0.71%; expected dividend yield rate of 0%; and forfeiture rate of 0%. At December 31, 2020, the Company determined that based on the financial condition of BWA, the convertible debenture investment was impaired.

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**15. Financial Risk Management and Financial Instruments (continued)**

The fair value of the marketable securities was originally determined using Level 1 inputs and Level 3 inputs for the 3-year lock up period, which was determined using a Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.08
Exercise price	\$0.08
Expected life	3 years
Volatility	140%
Risk free interest rate	1.32%
Dividend yield rate	0%
Forfeiture rate	0%

**16. Capital Management**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2022, the Company's shareholders' equity was \$5,673,971 (March 31, 2022 - \$8,586,837). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

The capital for expansion is mostly from proceeds from the issuance of common shares and convertible debentures. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties and for working capital purposes. Additional funds may be required to finance the Company's corporate objectives.

There was no change in the Company's capital management policy for the period ended September 30, 2022. The Company is not currently exposed to any externally imposed capital requirements.

**17. Related Party Transactions**

**a) Related party transactions**

During the period, the Company incurred transactions with related parties, including companies or subsidiaries controlled by its Chief Executive Officer, President, CFO, Directors, Vice President of Exploration and corporate secretary. During the period ended September 30, 2022, the Company incurred management and administration fees, including bonuses, of \$696,515 (2021 - \$866,566) and consulting fees of \$143,112 (2021 - \$207,729), which were expensed as research and development costs, and other consulting fees of \$30,000 (2021 - \$nil)

The related parties of the Company subscribed for a total of 2,100,000 units for proceeds of \$1,050,000 and subscribed for a total of 2,500,000 flow-through units for proceeds of \$1,500,000 in the private placement closed on March 3, 2021.

The related parties of the Company subscribed for a total of 554,545 flow-through units for proceeds of \$305,000 in the private placement closed on November 30, 2021.

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**17. Related Party Transactions (continued)**

**b) Due to Related Parties**

As at September 30, 2022, included in accounts payable and accrued liabilities is \$1,021,358 (March 31, 2022 - \$686,993) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

As at September 30, 2022, the balance of \$20,000 (March 31, 2022 - \$20,000) is due to a director of the Company and is included as a loan from related party. This amount is unsecured, non-interest bearing and has no fixed terms for repayment.

On January 7, 2021, ZeU issued 1,354,000 common shares at a deemed price of \$0.25 per share to settle an aggregate of \$338,500 of indebtedness owed to certain core management and directors.

**c) Stock Options Granted**

During the period ended March 31, 2022, a total of 5,500,000 stock options were granted to the key management to purchase common shares of the Company at an exercise price of \$0.60 per share on or before October 26, 2026. The Company recorded stock-based compensation of \$2,121,335 for options granted to related parties during the period ended March 31, 2022.

**18. Segmented Information**

The Company currently operates two operating segments: the acquisition and exploration of mining properties and blockchain technology development. All of the Company's activities are conducted in Canada and Iceland.

The Company operates in one business segment: the acquisition and exploration of properties.

The assets, liabilities and operating expenses as the geographic segment information. The primary indicators are as follows:

<b>September 30, 2022</b>	<b>Canada</b>	<b>Iceland</b>	<b>Total</b>
	\$	\$	\$
Assets	17,222,565	2,243,369	<b>19,465,934</b>
Liabilities	10,652,739	3,139,224	<b>13,791,963</b>
Operating expenses	(2,791,983)	(133,993)	<b>(2,925,976)</b>

<b>March 31, 2022</b>	<b>Canada</b>	<b>Iceland</b>	<b>Total</b>
	\$	\$	\$
Assets	19,412,663	2,005,685	<b>21,418,348</b>
Liabilities	10,063,964	2,767,547	<b>12,831,511</b>
Operating expenses	(12,116,176)	(541,513)	<b>(12,657,689)</b>

Key decision makers review assets, liabilities and operating expenses as the primary indicators of segment information. The primary indicators are as follows:

<b>September 30, 2022</b>	<b>Exploration of mining properties</b>	<b>Blockchain technology development</b>	<b>Total</b>
	\$	\$	\$
Assets	18,919,270	546,664	<b>19,465,934</b>
Liabilities	(397,311)	14,189,274	<b>13,791,963</b>
Operating expenses	(1,364,734)	(1,561,242)	<b>(2,925,976)</b>

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**18. Segmented Information (continued)**

March 31, 2022	Exploration of mining properties	Blockchain technology development	Total
	\$	\$	\$
Assets	20,833,524	584,824	<b>21,418,348</b>
Liabilities	150,652	12,680,859	<b>12,831,511</b>
Operating expenses	(6,867,494)	(5,790,195)	<b>(12,657,689)</b>

**19. Contingencies**

In January 2020, the Company received a demand letter from BWA claiming there were material misrepresentations in the share purchase agreement and that BWA was claiming damages of \$1,500,000. In February 2020, the Company issued a cease and desist letter to BWA and claimed certain costs from BWA related to the share purchase agreement. To date, none of these claims have been taken to court. The Company intends to defend itself from the claims made by BWA vigorously. As at September 30, 2022, no amounts have been accrued in the consolidated financial statements related to the claim made by BWA against the Company. As the legal matter has not been taken to court and is still in the early stages, the outcome of the matter cannot be determined at this point in time.

In the normal course of business, the Company's subsidiaries may incur potential liabilities that are indeterminable as at the date of these financial statements. After the acquisition of the Prego company by ZeU, a potential liability has been noted in regard to past wages that were not included in the financial statements of Prego upon which ZeU relied on for its purchase of Prego. Discussions have been initiated, but as of the date of these financial statements, ZeU is unable to estimate what, if any, costs may occur, and as a result, no liability has been included in these statements. Any costs resulting from this issue will be recorded in the period in which they are agreed.

**20. Right-of-use asset and lease liability**

The Company entered into a lease agreement on December 1, 2020, for the office premises of its subsidiary Iceland in Reykjavík, Iceland. The lease agreement is on November 30, 2023.

The discount rate used for the lease was 10%. Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the period:

	Right-of-use asset	Lease liability
	\$	\$
As at December 31, 2020	<b>148,968</b>	<b>155,216</b>
Depreciation	(62,188)	-
Interest	-	16,844
Foreign exchange adjustment	(3,862)	(4,720)
Payments	-	(65,418)
<b>As at March 31, 2022</b>	<b>82,918</b>	<b>101,922</b>
Less: long-term portion		56,623
Current portion		45,299



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**St-Georges Eco-Mining Corp.****Notes to the Condensed Consolidated Interim Financial Statements**

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**20. Right-of-use asset and lease liability (continued)**

Depreciation	(24,137)	-
Interest	-	4,403
Foreign exchange adjustment	(2,461)	(3,025)
Payments	-	(36,762)
<b>As at September 30, 2022</b>	<b>56,320</b>	<b>66,538</b>
Less: long-term portion		25,876
Current portion		40,662

**21. Subsequent Events**

- Subsequent to the period ended September 30, 2022, 1,400,000 warrants were exercised for proceeds of \$167,324 and settled \$31,676 of accounts payable and \$60,000 of accounts payable of its subsidiary EVSX.
- On November 1, 2022, the Company closed the first tranche of a non-brokered private placement offering of flow-through units at a price of \$0.25 for total gross proceeds of up to \$1,425,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and half a flow-through share purchase warrant. Each half flow-through warrant entitles the holder thereof to purchase half a share at an exercise price of \$0.29 per share until November 1, 2025. The Company paid finder fee of \$75,000 in cash and issued 300,000 finders warrants at an exercise price of \$0.29 until November 1, 2025.

- On November 18, 2022, the Company closed the second tranche of a non-brokered private placement offering of flow-through units at a price of \$0.25 for total gross proceeds of up to \$1,800,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and half a flow-through share purchase warrant. Each half flow-through warrant entitles the holder thereof to purchase half a share at an exercise price of \$0.29 per share until November 18, 2025. The Company paid finder fee of \$108,000 in cash and issued 432,000 finders warrants at an exercise price of \$0.29 until November 18, 2025.

- On November 25, 2022, 2,810,720 warrants expired unexercised.