

Consolidated Financial Statements  
(Expressed in Canadian dollars)

**FINEQIA INTERNATIONAL INC.**

Years ended September 30, 2021 and 2020

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fineqia International Inc.:

### **Opinion**

We have audited the consolidated financial statements of Fineqia International Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in deficit and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

### **Other Matter**

The consolidated financial statements of the Company for the year ended September 30, 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 28, 2021.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John C. Sinclair.

Yours very truly,

*Baker Tilly WM LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

January 30, 2022

# Fineqia International Inc.

## Consolidated statements of financial position

(Expressed in Canadian Dollars)

	Notes	September 30, 2021	September 30, 2020
		\$	\$
<b>Assets</b>			
Current assets			
Cash		13,084	6,467
Accounts and other receivables	6	94,385	239,503
Prepaid expenses		41,781	64,844
<b>Total current assets</b>		<b>149,250</b>	<b>310,814</b>
Accounts and other receivables	6	-	938,933
Investments	9	2,267,835	1,590,732
<b>Total assets</b>		<b>2,417,085</b>	<b>2,840,479</b>
<b>Liabilities and Shareholders' Deficit</b>			
Current liabilities			
Accounts payable and accrued liabilities	7	453,405	464,609
Loans	8	17,140	-
Due to related parties	5	2,776,517	3,046,903
<b>Total current liabilities</b>		<b>3,247,062</b>	<b>3,511,512</b>
Long term liabilities			
Accounts payable	7	403,421	403,421
Loans	8	55,251	74,276
<b>Total liabilities</b>		<b>3,705,734</b>	<b>3,989,209</b>
Shareholders' deficit			
Share capital	10	11,156,320	11,156,320
Options reserve	11	558,581	558,581
Warrants reserve	11	2,043,492	2,043,492
Deficit		(15,047,042)	(14,907,123)
<b>Total shareholders' deficit</b>		<b>(1,288,649)</b>	<b>(1,148,730)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>2,417,085</b>	<b>2,840,479</b>

Nature of operations (Note 1), Going concern (Note 2), Contingencies and commitments (Note 14) and subsequent event (Note 17)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

"Bundeep Singh Rangar"

"Stephen John McCann"

# Fineqia International Inc.

## Consolidated statements of loss and comprehensive loss

(Expressed in Canadian dollars)

	Notes	Twelve months ended	
		September 30 2021	September 30 2020
		\$	\$
<b>Revenue</b>	5,12	<b>134,400</b>	397,676
<b>Total Revenue</b>		<b>134,400</b>	397,676
<b>Expenses</b>			
Salaries and wages	5	<b>693,795</b>	624,800
Professional fees, consulting and advisory		<b>233,033</b>	166,934
Promotion		<b>83,568</b>	107,235
Travel and lodging		<b>12,012</b>	37,019
Office costs		<b>3,227</b>	3,334
Insurance		<b>30,418</b>	6,996
Transfer agent and filing fees		<b>9,000</b>	8,725
Bank service charges		<b>2,711</b>	1,968
Foreign exchange loss (gain)		<b>36,167</b>	(87,885)
Finance cost		<b>3,194</b>	-
Loss from disposal of investment		<b>74,907</b>	-
Unrealized fair value gain on investments	9	<b>(889,093)</b>	(101,083)
<b>Total Expenses</b>		<b>292,939</b>	768,043
<b>Loss before finance income</b>		<b>(158,539)</b>	(370,367)
<b>Finance income</b>			
Interest income	6	<b>18,620</b>	18,254
<b>Loss before income taxes</b>		(139,919)	(352,113)
<b>Income tax recovery</b>	15	-	-
<b>Net loss and comprehensive loss for the year</b>		<b>(139,919)</b>	(352,113)
Net loss per share (basic and diluted)		<b>(0.0002)</b>	(0.0005)
Weighted average number of common shares outstanding - basic and diluted		<b>760,013,064</b>	760,013,064

See accompanying notes to the consolidated financial statements

# Fineqia International Inc.

## Consolidated statements of changes in deficit

(Expressed in Canadian dollars)

	Share Capital		Warrants Reserve	Options Reserve	Accumulated Deficit (\$)	Total (\$)
	Number of shares	Amount (\$)	Amount (\$)	Amount (\$)		
Balance at September 30, 2019	760,013,064	11,156,320	2,832,991	617,055	(15,402,983)	(796,617)
Expired options and warrants	-	-	(789,499)	(58,474)	847,973	-
Net loss and comprehensive loss for the year	-	-	-	-	(352,113)	(352,113)
<b>Balance at September 30, 2020</b>	<b>760,013,064</b>	<b>11,156,320</b>	<b>2,043,492</b>	<b>558,581</b>	<b>(14,907,123)</b>	<b>(1,148,730)</b>
<b>Net loss and comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139,919)</b>	<b>(139,919)</b>
<b>Balance at September 30, 2021</b>	<b>760,013,064</b>	<b>11,156,320</b>	<b>2,043,492</b>	<b>558,581</b>	<b>(15,047,042)</b>	<b>(1,288,649)</b>

See accompanying notes to the consolidated financial statements

# Fineqia International Inc.

## Consolidated statements of cash flows

(Expressed in Canadian dollars)

	For the years ended	
	September 30 2021	September 30 2020
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss	(139,919)	(352,113)
Adjustments for non-cash items:		
Unrealized fair value gain on Investments	(889,093)	(33,544)
Loss from disposal of investment	74,907	-
Foreign exchange loss	33,861	-
Accretion on loan	2,597	(11,740)
Changes in non-cash working capital items:		
Prepaid expenses	23,063	(34,980)
Account receivables and other receivables	1,084,051	(210,731)
Accounts payables and accrued liabilities	(11,204)	112,886
Cash flows from (used in) operating activities	178,263	(530,222)
<b>Cash flows from financing activities</b>		
(Repayments) proceeds from Loans	(4,482)	86,016
(Repayment) advances from related parties	(270,386)	231,834
Cash flows (used in) from financing activities	(274,868)	317,850
<b>Cash flows from investing activities</b>		
Repayment of advances from related parties	-	407,067
Proceeds from disposal of investment	269,836	-
Purchase of investments	(166,614)	(198,001)
Cash flows from investing activities	103,222	209,066
Net increase (decrease) in cash	6,617	(3,306)
Cash, beginning of year	6,467	9,773
Cash, end of year	13,084	6,467

See accompanying notes to the consolidated financial statements



# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 1. Nature of operations

Fineqia International Inc. (“Fineqia” or the “Company”), was incorporated in British Columbia under the Business Corporations Act on June 20, 2006. On August 2, 2016, the Company changed its business to become a facilitator for the emerging area of alternative finance known as crowdfunding. The Company’s corporate head office and principal place of business is Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) exchange under the symbol FNQ. The Company has two subsidiaries, Fineqia Investments Limited and Fineqia Limited.

The Company’s strategic focus has been to provide services to support security issuances and manage administration of debt securities. Fineqia brings an issuing company’s debt or equity offerings to the market by distributing and marketing securities for subscription by crowd investors such as accredited investors, high net worth individuals, family offices and fund managers.

### 2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The ability of the Company to continue as a going concern is dependent upon its ability to obtain financing on reasonable terms and to attain profitable operations and further fund operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate additional financing in the future, in which case the Company may be unable to meet its obligations. In the event that the Company is not able to secure additional financing and continue as a going concern, material adjustments may be required to the carrying value of assets and liabilities and the statement of financial position classifications used.

The Company had a net loss of \$139,919, for the year ended September 30, 2021 (2020 - \$352,113), a deficit as at September 30, 2021 of \$15,047,042 (2020 - \$14,907,123) and a net working capital deficiency of \$3,097,812 as at September 30, 2021 (2020 – \$3,200,698). These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not contain the adjustments that would be necessary if the Company was unable to continue as a going concern.

### 3. Significant accounting policies

#### *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These financial statements have been authorized for issuance by the Company’s Board of Directors on January 30, 2022.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### *Basis of Consolidation*

Fineqia Limited, incorporated in the UK, is the operating company and 100% owned subsidiary of the Company. The Company incorporated Fineqia Investments Limited, a Malta incorporated entity, during the year ended September 30, 2018. In addition, the Company has a wholly owned interest in Blue Gold Tailing Technologies, incorporated in Ontario, which is inactive.

Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

#### *Basis of Preparation*

The financial statements of the Company have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value. The financial statements have also been presented on an accrual basis, except for cash flow information.

#### **(a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash held on deposit with banks, other highly liquid short-term interest bearing investments with maturities of 90 days or less than the original date of acquisition and bank overdrafts. The Company did not have any cash equivalents during the years ended September 30, 2021 and 2020.

#### **(b) Government grants**

Government grants are recognized when the Company qualifies for such grants and where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge.

#### **(c) Share-based compensation**

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to options reserve. The fair value of share-based payments is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When options are exercised, their grant date fair value is reclassified from options reserve to share capital.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

In situations where the Company issues units, the value of warrants is included in the warrants reserve. The grant date fair value of warrants included in units is determined using the Black-Scholes option pricing model. As permitted under IFRS 2, Share-based payment, the amount for unexercised options or warrants can be transferred from one component of equity to another. The Company has selected an accounting policy to transfer expired options and warrants from the options and warrants reserve to deficit.

#### (d) Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit or loss. The Company intends to hold these investments for the long term.

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in profit or loss. The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of loss and comprehensive loss. The Company is also required to present its investments into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 12, "Financial instruments and risk management"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly-traded investments:

1. Securities, including shares, options, and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date. These investments are included in Level 1 as disclosed in Note 13.

2. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These investments are included in Level 2. As at September 30, 2021 and 2020, the Company did not have any Level 2 investments.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2. As at September 30, 2021 and 2020, the Company did not have any Level 2 investments.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in Note 13. Options and warrants of private companies are carried at their intrinsic value. There were no investments in options and warrants as at September 30, 2021 and 2020.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward fair value adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value.

In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that, for example, reduce the corporate tax burden, or reduce or eliminate the need for regulatory approvals;
- receipt by the investee company of regulatory approvals, which allow the investee company to proceed with its project(s);
- release by the investee company of positive operational results, and;

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward fair value adjustments are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that increases the tax burden on companies that increases the need for regulatory approvals, etc.;
- denial of the investee company's application for regulatory approvals that prohibit the investee company from proceeding with its projects;
- the investee company releases negative operational results;
- changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting fair values may differ from amounts that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the fair value recorded. Such differences could be material.

#### (e) *Financial instruments*

##### **Financial assets**

##### **Initial recognition and measurement**

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other receivables held for collection of contractual cash flows and cash are measured at amortized cost.

#### Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of loss.

#### Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statement of loss. The Company’s investments are classified as financial assets at FVPL.

#### Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statement of loss when the right to receive payments is established.

#### Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

#### Impairment of financial assets

The Company’s only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, loans and due to related parties, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

##### Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of loss.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

#### (f) Revenue recognition

The Company applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 utilizes a framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Company has the following streams of revenues:

##### Consulting services

The Company recognizes revenue from consulting services on a straight-line basis over the term of consulting agreements as services are provided and the performance obligation has been satisfied.

##### Finder's fee

This revenue is recognized at the fair value of the consideration received or receivable when the services have been provided, collectability is reasonably assured and performance obligation has been satisfied.

#### (g) Interest income

Interest income is recognized on an accrual basis using the effective interest method.

#### (h) Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the related tax is recognized directly in equity or in other comprehensive loss.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

Current income taxes are recognized for the estimated income taxes payable or recoverable for the current year based on substantively enacted tax rates at the reporting date. Deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carry forwards that are probable, and for which taxable profit will be available against which the asset can be realized. Deferred income tax assets and liabilities are measured using substantively enacted tax rates that are anticipated to be in effect when the differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs.

Deferred income taxes are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, a deferred tax asset is not recognized.

#### (i) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the group is contractually required to dismantle, remove or restore the leased asset.



# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. The Company did not have any leases during the year ended September 30, 2021 and 2020.

#### (j) *Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects. Equity to be issued is recognized when an agreement to acquire shares has been entered into, consideration has been received and there is an obligation to issue shares. Equity to be issued is transferred to common shares once the shares have formally been issued. When shares and warrants are issued under the same offering, the residual method is used to allocate proceeds between shares and warrants.

#### (k) *Equity Reserves*

Warrant reserve – Consists of warrants issued as part of private placements net of exercises and forfeitures.

Option reserve - Consists of share-based compensation expense relating to options vesting, net of exercises and forfeitures.

#### (l) *Related parties*

For the purpose of these financial statements, a party is considered related to the Company if such party or the Company has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Company and such party are subject to common significant influence. Related parties may be individuals or other entities

#### (m) *Basic and diluted loss per share*

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method.

Since the Company had losses during the years ended September 30, 2021 and 2020, all outstanding warrants and share options were not included in this calculation as they would be anti-dilutive.

#### (n) *Foreign exchange*

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each reporting date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in the consolidated statement of loss.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (o) *Change in accounting policy during the year*

In the prior year, the Company recorded warrants and share-based compensation expense related to options vesting, net of exercises and forfeitures, in contributed surplus. During the current year, the Company changed its policy to account for warrant activity in the warrants reserve and options activity in the options reserve. The change in policy resulted in a decrease in contributed surplus of \$3,450,046, an increase in the warrants reserve of \$2,832,991 and an increase in the options reserve of \$617,055 as at September 30, 2019. There was no change to total shareholders' deficit. The change in policy has been applied retrospectively.

#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.**

At the date of authorization of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Company's consolidated financial statements.

### 4. Use of management estimates, judgments and measurement uncertainty

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Valuation of receivables* – The valuation of receivables is based on management's best estimate of the fair value of the financial instrument and is based on management's analysis of the ability of the debtor to repay the amount. This analysis included consideration of the assets of the debtor and consideration of the current and future expected profitability and cash flows of the debtor. Short-term receivables are due on demand and have therefore been classified as current assets based on management's expectation that it will realize the receivables prior to September 30, 2022. Changes in the financial condition of the counterparties may result in changes to the collectability of the receivables, resulting in credit losses. Such losses can result in a material change to the Company's assets.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### **4. Use of management estimates, judgments and measurement uncertainty (continued)**

The Company recognizes a loss allowance for expected credit losses on receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognises lifetime ECLs for amounts receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include receivables.

*Share-based payments and warrants* - The estimation of share-based payment costs and warrant valuations requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

*Income, value added, withholding and other taxes* –The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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#### 4. Use of management estimates, judgments and measurement uncertainty (continued)

*Fair value of investments in securities not quoted in an active market or private company investments* - Where the fair values of investments recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Notes 9 and 13 for further details

*Investment in associate* - Investments in associates are accounted for using the equity method, whereby the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of the net assets of the investment. The Company's share of the results of operations of an associate is reflected in the profit or loss. An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not represent control or joint control over those decisions. Management reviews and makes considerations for the relevant factors in determining whether significant influence exists in investments. During the years ended September 30, 2021 and 2020, the Company determined it did not have any associates.

*Functional currency determination* - The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar. Determination of functional currency is conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates, and may involve certain judgments to determine the primary economic environment. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment. Significant changes to those underlying factors could cause a change to the functional currency.

#### COVID-19

In March 2020, the World Health Organisation characterised a novel strain of the coronavirus, known as COVID-19, as a pandemic. The economic effects within the Company's environment and in the global markets, and measures introduced at various levels of government to curtail the spread of the virus could have a material impact on the Company's future operations and financial results.

The Company cannot estimate the length and gravity of the COVID-19 pandemic. The Company is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly. The uncertainties around COVID-19 required the use of judgments and estimates and resulted in no material impact for the year ended September 30, 2021. The future impact of COVID-19 uncertainties on global markets could have a material impact on the fair value of investments. The Company continues its assessment given the fluidity of COVID-19's global impact.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 5. Related party transactions

The following is the remuneration paid or accrued to key management personnel during the year ended September 30, 2021:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued/Paid (\$)
Bundeep S. Rangar	President, CEO	Consulting/Board Fees	254,000
Steve McCann		Consulting/Board Fees	182,000
Martin Graham	Chairman, Chair of Audit Committee	Board Fees	64,000
Brij Chadda	Director	Board Fees	20,000
IndusView UK Ltd.	A company controlled by a director and officer	Consulting Fees	30,000
Rooftop Ventures Inc.	A company controlled by a director and officer	Consulting Fees	74,800
			624,800

The following is the remuneration paid or accrued to key management personnel during the year ended September 30, 2020:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued/Paid (\$)
Bundeep S. Rangar	President, CEO	Consulting/Board Fees	254,000
Steve McCann	CFO,	Consulting/Board Fees	182,000
Martin Graham	Chairman, Chair of Audit Committee	Board Fees	64,000
Brij Chadda	Director	Board Fees	20,000
IndusView UK Ltd.	A company controlled by a director and officer	Consulting Fees	30,000
Rooftop Ventures Inc.	A company controlled by a director and officer	Consulting Fees	68,800
			618,800

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the years ended September 30, 2021 and 2020.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 5. Related party transactions (continued)

Key management personnel were granted stock options with a grant date fair value of \$Nil expensed during the year ended September 30, 2021 (2020 - \$Nil).

Due to related parties as at September 30, 2021 of \$2,665,021 (2020 - \$3,046,903) is comprised of amounts owing to certain directors, officers and companies controlled by officers of the Company or companies that directors and officers have significant influence over. These amounts are unsecured, non-interest bearing and due on demand.

Officers and companies controlled by officers also have common shareholdings in the investments as disclosed in Note 9.

During the year ended September 30, 2021, the Company earned \$50,000 (2020 - \$200,000) from consulting services and \$84,400 (2020:\$149,200) as finder's fee from PremFina Limited, a corporation controlled by officers and directors of the Company. Included in current receivables as at September 30, 2021, is \$Nil (September 30, 2020 - \$90,968) due from PremFina Limited.

### 6. Trade and other receivables

Trade and other receivables as at September 30, 2021 and 2020 were as follows:

<b>Total receivables under one year</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Trade receivables	26,772	113,357
Related party receivables	37,359	104,049
HST	30,254	22,097
<b>Total receivables under one year</b>	<b>94,385</b>	<b>239,503</b>

  

<b>Total receivables more than one year</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Related party receivables	-	938,933
<b>Total receivables more than one year</b>	<b>-</b>	<b>938,933</b>

Included in the receivables is an amount of \$37,359 as at September 30, 2021 (2020 - \$938,933) from IXL Holdings Limited, a company located in Malta with UK operating subsidiaries IXL PremFina Limited and PremFina Limited. A director and officer of the Company is the controlling shareholder of IXL Holdings Limited. During the current year, the Company legally settled the receivable of \$938,933 against the payable due to a related party owned and controlled by the same director and officer.

Interest accrued on the related party receivables amount at a rate of 2% per annum from the date of the receivable until the receivables were legally settled against the related party payable Interest income for the year ended September 30, 2021 is \$18,620 (2020 - \$18,254).

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 7. Accounts payable and accrued liabilities

Accounts payable, and accrued liabilities as at September 30, 2021 are as follows:

	2021	2020
	\$	\$
Accounts payable	401,421	401,956
Accrued liabilities	51,984	62,653
	453,405	464,609

During the year ended September 30, 2018, the Company transferred \$403,421 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses incurred by the Company related to prior business activities which are no longer active. Under IFRS 9, a financial liability can only be removed from the Company's consolidated statement of financial position when it is extinguished, meaning only when the contract is discharged, canceled, or expires. The effect of the Limitations Act (Ontario) is to prevent a creditor from enforcing an obligation, but it does not legally extinguish the liability for accounting purposes. It is the position of the Company's management that the Statute-Barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash, and do not affect the financial or working capital position of the Company. The Statute-Barred Claims are required to be recognized on the Company's consolidated statement of financial position under IFRS 9, but they are classified as long-term liabilities as the Company has no intention to pay these Statute-Barred Claims and these amounts are not due to be settled within twelve months after the reporting period as the creditors cannot enforce their payment.

### 8. Loans

During the year ended September 30, 2020, the Company received a £50,000 (C\$86,017) bank loan under the Bounce Back Loans Scheme (BBLs) through its UK subsidiary, Fineqia Limited. The loan is to give support as a result of COVID-19 and guaranteed by the UK Government. The loan is for a maximum of six years, no repayments are payable in the first year. The interest rate is 2.5% per annum with the first year's interest being paid by the UK Government. The interest rate of 2.5% per annum is less than a commercial rate. Fineqia Limited has been quoted a commercial rate of 5.1% per annum by its bank, Bank of Scotland. The Company intends to repay the loan over years 2-6 with equal, £10,000 annual repayments. The fair value of the loan was calculated as £43,175 (C\$74,276). As at September 30, 2021 the outstanding balance is £40,371 (C\$72,391).

	2021	2020
	\$	\$
Payable in less than 1 year	17,140	-
Payable in more than 1 year	55,251	74,276
Total Loans payable	72,391	74,276

A short term loan facility of £500,000 (C\$857,000) from the CEO, Bundeep Singh Rangar was signed September 28, 2021 to supplement the Company's working capital. No funds were drawn down in the year ended September 30, 2021. The loan carries interest of 5% per annum on the outstanding balance.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 9. Investments

The following is a listing of the investments held by the Company at September 30, 2021:

	Cost per share	Cost per share (\$)	Cost (\$)	Number held	Fair value (\$)	Accumulated Unrealized gain (loss) \$
Nivaura Limited – common shares	£9.07	15.38	294,434	19,149	732,608	438,175
Nivaura Limited – common shares	£22.32	38.72	52,044	1,344	51,419	(625)
PhunWare – common shares	US \$9.57	12.84	402,599	31,359	37,084	(365,515)
Black Syndicate Holdings Limited – common shares	€22.50	33.95	179,505	5,288	-	(179,505)
Wave Financial Group LLC	US\$8.4	10.45	197,850	18,932	550,905	353,055
IDEO CoLab Ventures	N/A	N/A	101,966	-	832,090	730,124
IDEO CoLab Forte Series A LLC	N/A	N/A	63,728	-	63,728	-
			1,292,126		2,267,835	975,709

The following is a listing of the investments held by the Company at September 30, 2020:

Investee	Cost per share	Cost per share (\$)	Cost (\$)	Number held	Fair value (\$)	Accumulated Unrealized gain (loss) \$
IXL PremFina Limited – common shares	£824	1,384.02	346,005	250	354,390	8,385
Nivaura Limited – common shares	£9.07	15.38	294,434	19,149	618,666	324,232
PhunWare – common shares	US \$9.57	12.84	402,599	31,359	38,603	(363,996)
Black Syndicate Holdings Limited – common shares	€22.50	33.95	179,505	5,288	-	(179,505)
Wave Financial Group LLC	N/A	N/A	197,850	18,932	579,074	381,224
			1,420,393		1,590,733	170,340

During the year ended September 30, 2019 and after, the Company had the following investment transactions:

The Company holds 5,288 common shares, representing a 10.09% equity interest in Black Syndicate Holdings Limited (“Black”), a privately held entity based in Estonia. Black, through its related party, Black Foundation OU, holds IP for digitization in the insurance industry. The investment was written down to a fair value of nil in September 30, 2020 and 2021. A director and officer of the Company is a co-founder and shareholder of Black.

During the year ended September 30, 2019, the Company acquired a US\$150,000 convertible promissory note in Wave Financial Group LLC (“Wave”, formerly Gen Holdings, LLC). The note bears interest at 4% per annum, increasing to 10% per annum following an event of default, and matured March 31, 2020. The Company received interest of US\$9,666 during the year ended September 30, 2020.

During the year ended September 30, 2020, Wave converted the promissory note to referred seed units. Fineqia received 18,932 preferred seed units at a price of US\$8.4333. Each preferred seed unit is convertible into a Class A common share of Wave for no additional consideration. Wave had a subsequent financing round in June 2020 at a price of US\$22.8596.



# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 9. Investments (continued)

As at September 30, 2021 the Company holds \$101,966 (US 9,987) investment in a IDEO CoLab Ventures Fund. The IDEO CoLab Ventures Fund invest in early stage blockchain and crypto start-ups. The investment represents less than 2% of IDEO CoLab Ventures market capitalization.

During the year ended September 30, 2021, the Company made a further investment in Nivaura Limited of 1,344 shares for \$52,044 (£29,998) at the market price of \$38.72 (£22.32)

During the year ended September 30, 2021, the Company sold its investment in IXL PremFina Limited for \$269,837 (£158,215) and recognised a loss of \$76,168

During the year ended September 30, 2021, the Company made an investment of \$63,728 (US 50,250) in IDEO CoLab Forte Series A LLC. IDEO CoLab Forte operates a blockchain gaming platform. The Company participated in the closed Series A raise through the limited partnership with IDEO CoLab's Venture Fund, Crypto Fund II LP.

The following is the movement schedule for investments:

	2021	2020
Fair value, opening	1,590,733	1,359,188
Purchase of investments	166,614	198,001
Disposal of investments	(346,005)	-
Fair value Change	889,094	33,544
Foreign exchange loss	(32,601)	-
Fair value, ending	2,267,835	1,590,733

### 10. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2021, the Company had 760,013,064 (2020 – 760,013,064) common shares issued and outstanding.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 11. Stock options and warrants

The following is a summary of changes in the Company's share purchase warrants and options for fiscal years 2021 and 2020.

#### Options

	Number of options	Weighted average exercise price (\$)	Grant date fair value of options (\$)	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)	Total fair value (\$)
September 30, 2019	66,350,000	0.05	617,055	608,151,852	0.05	2,832,991	3,450,046
Cancelled	(5,500,000)	0.05	(58,474)	(164,738,854)	-	(789,499)	(847,973)
September 30, 2020	60,850,000	0.05	558,581	443,412,998	0.05	2,043,492	2,602,073
September 30, 2021	60,850,000	0.05	558,581	443,412,998	0.05	2,043,492	2,602,073

The Company's stock option plan allows for 20% of the issued share capital at any point in time. The Board of Directors of the Company may terminate the plan at any time provided that the termination does not alter the terms or conditions of any options granted or impair the right of any shareholder. Amendments to any provisions of the plan are subject to any necessary regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this plan to service providers. All the Company's options vested in 2019, therefore there is no share-based compensation expense in 2021 or 2020.

The following are the stock options issued and outstanding as at September 30, 2021:

Expiry date	Total options issued	Total options exercisable	Exercise Price
22 March 2022	60,850,000	60,850,000	\$0.05

As at September 30, 2021, the weighted average remaining life of options was 0.50 years.

#### Warrants

The warrants, if not exercised, will expire as follows:

Expiry date	Total warrants issued	Exercise price
28-Oct-21	359,219,950	\$0.05
28-Oct-21	22,599,066	\$0.05
21-Mar-22	58,746,401	\$0.05
21-Mar-22	2,847,581	\$0.05
<b>Total</b>	<b>443,412,998</b>	<b>\$0.05</b>

As at September 30, 2021, the weighted average remaining life of warrants was 0.13 years.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 12. Revenues

The following is a disaggregation of the Company's revenues by type of service provided:

	2021	2020
	\$	\$
Finder's fee	84,400	149,200
Consulting services.	50,000	248,476
Total	134,400	397,676

### 13. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity price risk). The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit Risk and Economic Dependence*

Credit risk is the risk that a customer or a related party receivable will be unable to pay the Company in full when an amount becomes due. The Company holds receivables from certain related companies (see Note 6). The Company actively monitors the financial status of these related companies to minimize the credit risk associated with these receivables. A decline in the operations of these companies could result in uncertain collectability of these receivables. Revenue from one customer, a related party, represented 100% of the Company's total revenue for the year ended September 30, 2021 (2020 – 87.8%). See also note 5

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial requirements. As at September 30, 2021, the Company had net working capital deficiency of \$3,097,812 (2020 – \$3,200,698). The short-term accounts payables and accrued liabilities are due within 90 days. Amounts due to related parties are payable in one year. For loans, \$17,141 is current, \$17,141 each are payable in years two to four and \$11,333 payable in year five.

#### *Foreign currency risk*

Foreign exchange risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company has transactions in US dollars, Euros and British pounds. The Company had the following foreign currency balances at September 30, 2021 and September 30, 2020:

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 13. Financial instruments and risk management (continued)

	September 30, 2021			September 30, 2020		
	GBP	EUR	USD	GBP	EUR	USD
Cash	5,272	-	733	164	-	83
Accounts and other receivables	34,949	-	-	79,318	-	-
Investments	784,027	16,156	1,483,807	565,618	-	461,628
Accounts payable and accrued liabilities	250,485	-	-	151,714	7,915	-
Loan payable	71,064	-	-	43,175	-	-
Due to related parties	-	110,604	1,841	53,568	-	-

A 10% appreciation (depreciation) of the British Pound against the Canadian dollar, with all other variables held constant, would result in approximately a \$114,580 decrease (increase) in the Company's net loss for the year. A 10% appreciation (depreciation) of the Euro against the Canadian dollar, with all other variables held constant, would result in approximately a \$12,676 decrease (increase) in the Company's net loss for the year. A 10% appreciation (depreciation) of the US dollar against the Canadian dollar, with all other variables held constant, would result in approximately a \$148,638 decrease (increase) in the Company's net loss for the year.

#### *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 interest rates. The Company's exposure to interest rate risk is nominal.

#### *Price risk*

The Company is exposed to price risks arising from investments in non-public companies recognized at their estimated fair value. As the valuation of investments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates. A 10% change in the price of the shares of the investments would result in a \$189,699 increase or decrease in the Company's net loss for the year.

#### *Capital management*

The capital structure of the Company consists of equity, comprising share capital, warrants reserve, options reserve, net of accumulated deficit. The Company's shareholders' deficit was \$1,288,649 as at September 30, 2021 (2020 – deficit of \$1,148,730).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets. Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 13. Financial instruments and risk management (continued)

The Company's objectives when managing capital are:

- a) To maintain and safeguard accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds for its operational needs.
- b) To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- c) To obtain the necessary financing, if and when it is required.

There were no changes in the Company's approach to capital management during the years ended September 30, 2021 and 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. As of September 30, 2021, the Company had net working capital deficiency of \$3,097,812 ( 2020 – \$3,200,698).

Notwithstanding the risks described in Note 2 of the consolidated financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives. See note 17

#### *Fair value*

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 for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

The Company has determined the carrying values of its financial instruments as follows:

- i. The carrying values of cash, accounts and other receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these instruments.
- ii. Investments in private entities are carried at management's best estimates of their fair value as disclosed below.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 13. Financial instruments and risk management (continued)

The following table illustrates the classification and hierarchy of the Company's investments, measured at fair value in the statements of financial position as at September 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
	\$	\$	\$	\$
Public investments	37,084	-	-	37,084
Non-public investments	-	-	2,230,751	2,230,751
	37,084	-	2,230,751	2,267,835

As at September 30, 2020:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
	\$	\$	\$	\$
Public investments	38,602	-	-	38,602
Non-public investments	-	-	1,552,130	1,552,130
	38,602	-	1,552,130	1,590,732

#### Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains (loss) is recognized in the statement of loss.

Investment at fair value	Opening balance \$	Purchases \$	Disposals \$	Fx movement	Net unrealized gain \$	Ending balance \$
September 30, 2021	1,590,733	166,614	(346,005)	(32,601)	889,093	2,267,835
September 30, 2020	1,359,188	198,001	-	-	35,443	1,590,732

Within Level 3, the Company includes non-public company investments. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions, the marketability of the shares and the share performance of comparable publicly-traded companies.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 13. Financial instruments and risk management (continued)

The following tables present the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

#### September 30, 2021

Investment Name	Valuation technique	Fair value \$	Unobservable inputs
Nivaura Limited	Recent financing	784,028	Marketability of shares
Black Syndicate Holdings Limited	Estimated recoverable amount	-	Marketability of shares
Wave Financial Group LLC	Recent financing	550,905	Marketability of shares
IDEO CoLab Ventures	Recent financing	832,090	Marketability of shares
IDEO CoLab Forte	Recent financing	63,728	Marketability of shares
		2,230,751	

#### September 30, 2020

Investment Name	Valuation technique	Fair value \$	Unobservable inputs
IXL PremFina Limited	Expected proceeds	354,390	Marketability of shares
Nivaura Limited	Recent financing	618,666	Marketability of shares
Black Syndicate Holdings Limited	Estimated recoverable amount	-	Marketability of shares
Wave Financial Group LLC	Recent financing	579,074	Marketability of shares
		1,552,130	

As the valuation of investments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

For those investments valued based on a recent financing, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2021 and September 30, 2020. A 10% decrease (increase) on the fair value of these investments will result in a corresponding decrease (increase) of approximately \$223,000 (September 30, 2020- \$155,000) in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

### 14. Contingencies and Commitments

The Company is party to an agreement with IDEO CoLab Ventures whereby it has committed to a capital commitment of up to US\$20,000. As the triggering event has not taken place the contingent payments have not been reflected in these consolidated financial statements.

### 15. Income taxes

#### a) Provision for Income Taxes

Major items causing the Company's effective income tax rate for the year ended September 30, 2021 to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2020 – 26.5%) were as follows:

	2021	2020
	\$	\$
(Loss) before income taxes	(139,919)	(352,113)
Expected income tax recovery based on statutory rate	(37,000)	(93,000)
Adjustment to expected income tax recovery:		
Foreign tax rate differences	86,000	-
Change in benefit of tax assets not recognized	(49,000)	93,000
Income tax expense (recovery)	-	-

#### b) Deferred Income Tax

Recognized deferred tax assets (liabilities):

	2021	2020
	\$	\$
Investments	(129,000)	29,000
Non-capital losses carry-forwards - Canada	129,000	(29,000)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2021	2020
	\$	\$
Non-capital losses carry-forwards – Canada	9,751,000	15,296,000
Non-capital losses carry-forwards - UK	-	-
Share issue costs	-	54,000
Mineral property costs	-	195,000
Other	-	1,397,000
Total	9,751,000	16,942,000

The Canadian non-capital tax losses expire from 2034 to 2041.

A deferred tax asset has not been recognised in respect of the tax losses because it is not probable that the Company will have future taxable profits against which the losses could be utilized.



# Fineqia International Inc.

## Notes to the consolidated financial statements

For the years ended September 30, 2021 and 2020 (Expressed in Canadian dollars)

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### 16. Segment reporting

The Company operates primarily in the UK, Malta and Canada as one reportable operating segment. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

The operating segment of the Company is defined as a component of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

All of the revenue in the current year, consisting of consulting fees and finder's fees, was from one related party in as disclosed in Note 5(2020– from 1 customers in United Kingdom). The following table includes a reconciliation of total non-current assets by geographical area:

Total non-current assets

	2021	2020
	\$	\$
Canada	865,231	1,590,732
Malta	1,402,604	-
Total non-current assets	2,267,835	1,590,732

### 17. Subsequent event

On December 9, 2021, the Company announced a non-brokered private placement of up to 400,000,000 units of the Company to be sold at a price of \$0.01 per unit to raise gross proceeds of up to \$4,000,000. The proceeds from the private placement will be used to increase the Company's working capital as well as reduce debt.