Consolidated Financial Statements
(Expressed in Canadian dollars)

# FINEQIA INTERNATIONAL INC.

For the three months ended December 31, 2021 and 2020

## 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 condensed consolidated unaudited interim financial statements have been prepared by and are the responsibility of management.

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

# Fineqia International Inc.

## Consolidated statements of financial position

(Expressed in Canadian Dollars)

| | Notes | December 31, 2021 | September 30, 2021 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| Current assets | | | |
| Cash | | 441,548 | 13,084 |
| Receivables | 6 | 19,042 | 94,385 |
| Prepaid expenses | | 31,244 | 41,781 |
| Total current assets | | 491,834 | 149,250 |
| Property, plant and equipment | | 3,084 | - |
| Investments | 8 | 2,652,832 | 2,267,835 |
| **Total assets** | | 3,147,750 | 2,417,085 |
| **Liabilities and Shareholders' Equity (Deficit)** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 427,358 | 453,405 |
| Bounce Back Loans | | 17,140 | 17,140 |
| Director Loan | | 108,645 | - |
| Due to related parties | 5 | 2,308,448 | 2,776,517 |
| Total current liabilities | | 2,861,591 | 3,247,062 |
| Long term liabilities | | | |
| Accounts payable | 7 | 403,421 | 403,421 |
| Bounce Back Loans | 7 | 51,398 | 55,251 |
| **Total Liabilities** | | 3,316,410 | 3,705,734 |
| Shareholders' deficit | | | |
| Share capital | | 11,156,320 | 11,156,320 |
| Equity to be issued | | 1,260,000 | - |
| Options Reserve | 11 | 558,581 | 558,581 |
| Warrants Reserve | 11 | 283,859 | 2,043,492 |
| Deficit | | (13,427,420) | (15,047,042) |
| Total shareholders' deficit | | (168,660) | (1,288,649) |
| Total liabilities and shareholders' deficit | | 3,147,750 | 2,417,085 |

Nature of operations (Note 1), going concern (Note 2), Contingencies and commitments (note 13).

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)

For the three month periods ended

| | Notes | December 31 2021 | December 31 2020 |
|---|---|---|---|
| | | $ | $ |
| **Revenue** | 5 | - | 112,555 |
| **Total Revenue** | | - | 112,555 |
| **Expenses** | | | |
| Salaries and wages | 5 | **261,864** | 164,214 |
| Professional fees, consulting and advisory | 5 | **112,521** | 47,964 |
| Promotion | | **17,607** | 16,769 |
| Travel and lodging | | **2,409** | - |
| Office costs | | **660** | 181 |
| Insurance | | **10,851** | 8,850 |
| Transfer agent and filing fees | | **2,500** | 2,250 |
| Bank service charges | | **8,062** | 529 |
| Foreign exchange loss (gain) | | **(12,700)** | 17,453 |
| Write back of related party balances | | **(25,436)** | - |
| Finance Costs | | **517** | - |
| Unrealized fair value (gain) on investments | 8 | **(249,608)** | (66,942) |
| **Total Expenses** | | **129,248** | 191,268 |
| **Loss before finance income** | | **(129,248)** | (78,713) |
| **Finance income** | | | |
| Interest income | | - | 4,655 |
| **Loss before tax** | | **(129,248)** | (74,058) |
| **Tax recovery** | | - | - |
| **Net loss and comprehensive loss for the year** | | **(129,248)** | (74,058) |
| Net loss per share (basic and diluted) | 3 | **(0.0002)** | (0.0001) |
| Weighted average number of common shares outstanding - basic and diluted | | **760,013,064** | 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 | | |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount ($) | Equity to be Issued ($) | Amount ($) | Amount ($) | Accumulated Deficit ($) | Total ($) |
| **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)** |
| **Balance at September 30, 2020** | **760,013,064** | **11,156,320** | **-** | **2,043,492** | **558,581** | **(14,907,123)** | **(1,148,730)** |
| Exchange loss | - | - | - | - | - | 3,400 | **3,400** |
| Net loss and comprehensive loss for the period | - | - | - | - | - | (74,058) | **(74,058)** |
| **Balance at December 31, 2020** | **760,013,064** | **11,156,320** | **-** | **2,043,492** | **558,581** | **(14,977,781)** | **(1,219,388)** |
| Net loss and comprehensive loss for the period | - | - | - | - | - | (69,261) | **(69,261)** |
| **Balance at September 30, 2021** | **760,013,064** | **11,156,320** | **-** | **2,043,492** | **558,581** | **(15,047,042)** | **(1,288,649)** |
| Equity to be issued | - | - | 98,250 | - | - | - | 98,250 |
| Shares to be issued for debt | - | - | 1,161,750 | - | - | - | 1,161,750 |
| Expired options and warrants | - | - | - | (1,759,633) | - | 1,759,633 | - |
| Exchange loss | - | - | - | - | - | (10,763) | **(10,763)** |
| Net loss and comprehensive loss for the period | - | - | - | - | - | (129,248) | **(129,248)** |
| **Balance at December 31, 2021** | **760,013,064** | **11,156,320** | **1,260,000** | **283,859** | **558,581** | **(13,427,420)** | **(168,660)** |

See accompanying notes to the consolidated financial statements.

# Fineqia International Inc.
## Consolidated statements of cash flows
(Expressed in Canadian dollars)

For the three month periods ended

| | December 31 2021 | December 31 2020 |
|---|---|---|
| | $ | $ |
| **Cash flows from operating activities** | | |
| Net loss | **(129,248)** | **(74,058)** |
| Adjustments for non-cash items: | | |
| Unrealized Fair Value gain on investments | **(249,608)** | 8,684 |
| Loss from disposal of investment | | |
| Foreign exchange gain | **(22,158)** | |
| Accretion on loan | **517** | - |
| Changes in non-cash working capital items: | | |
| Prepaid expenses and deposits | 10,537 | **8,545** |
| Account receivables and sales tax receivable | 75,343 | **51,524** |
| Accounts payables and accrued liabilities | (26,047) | **140,801** |
| Cash flows from operating activities | **(340,664)** | **135,496** |
| **Cash flows from financing activities** | | |
| (Repayments) proceeds from Loans | **(3,853)** | - |
| Receipts for Equity to issue | **1,260,000** | - |
| Receipts from Director loan | **108,645** | - |
| (Repayment) advances from related parties | (468,069) | **(10,193)** |
| Cash flows used in financing activities | **896,723** | **(10,193)** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(3,084)** | |
| Purchase of investments | (124,511) | **(51,125)** |
| Cash flows used in investing activities | **(127,595)** | **(51,125)** |
| Net decrease in cash | **428,464** | **74,178** |
| Cash, beginning of year | **13,084** | **6,467** |
| Cash, end of period | **441,548** | **80,645** |

## 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 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 loss of $129,248, for the three months ended December 31, 2021 (December 31, 2020 - $74,058), a deficit as at December 31, 2021 of $13,427,420 (September 30, 2020 -$15,047,042) and a net working capital deficiency of $2,369,757 as at December 31, 2021 (September 30, 2021 – $3,097,812. 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.

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. Funds are drawn down as required. As of December 31, 2021 $108,000 had been utlised. The loan carries interest of 5% per annum on the outstanding balance.

In the three months ended December 31, 2021 the Company has commenced a private placement of up to 400,000,000 units at a price of $0.01 per unit to raise up to $4,000,000.Each units consists of one common share and share purchase warrant. The funds will increase working capital. See Notes 10 and 15.

## 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 March 1, 2022.

*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 three months ended December 31, 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.

## 3. Significant accounting policies (continued)

### *(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.

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. 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 investmenst in the long run.

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 andis 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.

## 3. Significant accounting policies (continued)

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 12.

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.

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.

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 12. Options and warrants of private companies are carried at their intrinsic value.There were no investments in options and warrants as at December 31, 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

## 3. Significant accounting policies (continued)

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 onmanagement'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 theneed 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;
- 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.

## 3. Significant accounting policies (continued)

### *(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.

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 statements 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.

## 3. Significant accounting policies (continued)

Dividends from such investments are recognized in other income in the consolidated statements 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.

**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 following streams of revenues:

## 3. Significant accounting policies (continued)

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 is satisfied.

***(g) Interest income***

Interest income is recognised 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.

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.

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.

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.

## 3. Significant accounting policies (continued)

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.

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 three months ended December 31, 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.

## 3. Significant accounting policies (continued)

### *(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 three months ended December 31, 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.

### *(o) IFRS 34 Interim Financial Reporting - Statement of compliance*

The Company applies International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of March 1, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

## 3. Significant accounting policies (continued)

### *(p) 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 restrospectively.

**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 whichthe 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.

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.

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

*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.

*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 8 and 12 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 three months ended December 31, 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.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

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

**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 curtain 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 monitorint 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 which resulted in no material impacts for the three months ended December 31, 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.

## 5. Related party transactions

The following is the remuneration paid or accrued to key management personnel during the three months ended December 31 2021:

| Name of Officer/ Director | Position | Nature of Payment | Fees Accrued/Paid ($) |
|---|---|---|---|
| Bundeep S. Rangar | President, CEO | Consulting/Board Fees | 63,500 |
| Steve McCann | CFO | Consulting/Board Fees | 45,500 |
| Martin Graham | Chairman, Chair of Audit Committee | Board Fees | 16,000 |
| Brij Chadda | Director | Board Fees | 5,000 |
| IndusView UK Ltd. | A company controlled by a director and officer | Consulting Fees | 7,500 |
| | | | 137,500 |

## 5. Related party transactions (continued)

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 three months ended December 31, 2021 and 2020.

Key management personnel were granted stock options with a grant date fair value of $Nil expensed during the three months ended December 31, 2021 (2020 -$Nil).

Due to related parties as at December 31, 2021 of $1,667,838 September 30, 2021 - $2,665,021) 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 8.

During the three months ended December 31, 2021, the Company earned $Nil (2020 $50,000) from consulting fees and $Nil (2020 $62,555) as finder's fee from PremFina Limited, a corporation controlled by officers and directors of the Company.

See also Note 6.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

## 6. Trade and other receivables

Trade and other receivables as at December 31, 2021 and September 30, 2021 were as follows:

**Total receivables under one year**

| | December 31, 2021 $ | September 30, 2021 $ |
|---|---|---|
| Trade receivables | - | 26,772 |
| Related party receivables | - | 37,359 |
| HST | 19,042 | 30,254 |
| Total receivables under one year | 19,042 | 94,385 |

## 7. Accounts payable,provisions and accrued liabilities

Accounts payable, provisions and accrued liabilities as at December 31, 2021 aand September 30, 2021 are as follows:

| | December 31, 2021 $ | September 30, 2021 $ |
|---|---|---|
| Accounts payable | 337,019 | 401,421 |
| Accrued liabilities | 90,339 | 51,984 |
| | 427,358 | 453,405 |

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 the creditors cannot enforce their payment.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

## 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 Compay 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 December 31, 2021 the oustanding balance is £39,760 (C$68,539).

| | December 31, 2021 $ | September 30, 2021 $ |
|---|---|---|
| Payable in less than 1 year | 17,140 | 17,140 |
| Payable in more than 1 year | 51,398 | 55,251 |
| 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. Funds are drawn down as required. As of December 31, 2021 $108,000 had been utlised. The loan carries interest of 5% per annum on the outstanding balance.

## 9. Investments

The following is a listing of the investments held by the Company at December 31, 2021:

| Investee | Cost per share | Cost per share CAD ($) | Cost CAD ($) | Number held | Fair value ($) | Unrealised gain (loss) $ |
|---|---|---|---|---|---|---|
| Nivaura Limited – common shares | £9.07 | 15.38 | 294,434 | 19,149 | 736,758 | 442,324 |
| Nivaura Limited – common shares | £22.32 | 38.72 | 52,044 | 1,344 | 51,710 | (334) |
| PhunWare – common shares | US $9.57 | 12.84 | 402,599 | 31,359 | 105,408 | (297,191) |
| Black Syndicate Holdings Limited – common shares | €22.50 | 33.95 | 179,505 | 5,288 | 0 | (179,505) |
| Wave Financial Group LLC (1) | N/A | N/A | 197,850 | 18,932 | 553,722 | 355,872 |
| Wave NFT Nonn Fungible (BVI) Fund | N/A | N/A | 124,511 | - | 281,136 | 156,625 |
| IDEO CoLab Ventures | N/A | N/A | 101,966 | - | 836,344 | 734,378 |
| IDEO CoLab Forte | N/A | N/A | 63,728 | - | 87,754 | 24,026 |
| | | | 1,416,637 | | 2,652,832 | 1,236,195 |

## 9. Investments (continued)

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 frinancing round in June 2020 at a price of US$22.8596.

As at September 30, 2021 the Company holds $101,966 (USD79,987) 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 (USD 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.

During the three months ended December 31, 2021 the Company made an investment of $124,511 (US$100,000) into Wave NFT Non Fungible (BVI) Fund.

## 10. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2021, the Company had 760,013,064 (September 30, 2021– 760,013,064) common shares issued and outstanding.

In the three months to December 31, 2021 the Company had received $1,260,000 from the ongoing Private Placement and Debt Conversion. This will be held until shares are issued. See Note 15.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

## 10. Share capital (continued)

### 10 (a). 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.

| | 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, 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 |
| December 31, 2021 | 60,850,000 | 0.05 | 558,581 | 61,593,982 | 0.05 | 283,859 | 842,440 |

**Options**

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 isno share-based compensation expense.

The following are the stock options issued and outstanding as at December 31, 2021:

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

As at December 31, 2021, the weighted average remaining life of options was 0.25 years.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

## 10(a). Stock options and warrants (continued)

**Warrants**

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

| Expiry date | Total warrants issued | Exercise price |
|---|---|---|
| 21-Mar-22 | 58,746,401 | $0.05 |
| 21-Mar-22 | 2,847,581 | $0.05 |
| **Total** | **61,593,982** | $0.05 |

As at December 31, 2021, the weighted average remaining life of warrants was 0.22 years.

## 11. Revenues

Three months to:

| | December 31, 2021 $ | December 31, 2020 $ |
|---|---|---|
| Finder's fee | - | 62,555 |
| Consulting | - | 50,000 |
| Total | - | 112,555 |

## 12. 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 significant 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.

*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

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

financial requirements. As at December 31, 2021, the Company had net working capital deficiency of $2,369,757 (September 30, 2020 – $3,097,812). The short-term accounts payables and accrued liabilities are due within 90 days. Related parties are payable in one year. For loans $17,140 is payable current , $17,141 each are payable in year two to three and $17,116 payable in year four.

*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 December 31, 2021 and September 30, 2021:

| | December 31, 2021 | | | September 30, 2021 | | |
|---|---|---|---|---|---|---|
| | GBP | EUR | USD | GBP | EUR | USD |
| Cash | 5,523 | - | 710 | 5,272 | - | 733 |
| Accounts and other receivables | 31,243 | - | - | 34,949 | - | - |
| Investments | 788,468 | - | 1,864,363 | 784,027 | 16156 | 1,483,807 |
| Accounts payable and accrued liabilities | 182,108 | - | - | 250,485 | - | - |
| Loan payable | 68,538 | - | - | 71,064 | - | - |
| Due to related parties | - | 1,800 | - | - | 110,604 | 1,841 |

A 10% appreciation (depreciation) of the British Pound against the Canadian dollar, with all other variables held constant, would result in approximately a $57,600 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 $200 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 $186,500 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 $265,300 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, warrant reserve, options reserve, net of accumulated deficit. The Company's shareholders' deficit was $168,660 as at December 31, 2021 (September 30, 2021 – deficit of $1,288,649).

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

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.

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 three months ended December 31, 2021 and 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body. As of December 31, 2021, the Company had net working capital deficiency of $2,369,757 ( September 30, 2021 – $3,097,812).

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 15.

*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

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

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

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.

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 December 31, 2021:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobersvable Inputs (Level 3) | Aggregate Fair Value |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Public investments | 105,408 | - | - | 105,408 |
| Non-public investments | - | - | 2,547,424 | 2,547,424 |
| | 105,408 | - | 2,547,424 | 2,652,832 |

**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 (loss) $ | Ending balance $ |
|---|---|---|---|---|---|---|
| December 31, 2021 | 2,267,835 | 124,511 | - | | 260,486 | 2,652,832 |
| September 30, 2021 | 1,590,733 | 166,614 | (346,005) | (32,600) | 889,093 | 2,267,835 |

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 publicy-traded companies.

For the three months ended December 31, 2021 and 2020 (Expressed in Canadian dollars)

## 12. 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:

**December 31, 2021**

| Investment Name | Valuation technique | Fair value $ | Unobservable inputs |
|---|---|---|---|
| Nivaura Limited | Recent financing | 788,468 | Marketability of shares |
| Black Syndicate Holdings Limited | Cost, written down as Early stage | - | Marketability of shares |
| Wave Financial Group LLC | Recent financing | 553,722 | Marketability of shares |
| Wave NFT No Fungible (BVI) Fund | Recent financing | 281,136 | Marketability of shares |
| IDEO CoLab Ventures | Recent financing | 836,344 | Marketability of shares |
| IDEO CoLab Forte | Recent financing | 87,754 | Marketability of shares |
| | | 2,547,424 | |

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 December 31, 2021. A 10% decrease (increase) on the fair value of these investments will result in a corresponding decrease (increase) of approximately $255,000 in the total fair value of the investments. The Company has applied a marketability discount of 0% to its non-public investments valued based on recent financing. Had the Company applied a marketability discount of 5% it would have resulted in a corresponding decrease (increase) of approximately $127,000 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.

## 13. 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. See Note 15.

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## 14. 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, was from one related party in [Canada] as disclosed in Note 5 ((2020 – from # customers in Country X). The following table includes a reconciliation of total non-current assets by geographical area:

**Total non-current assets**

| | December 31, 2021 | September 30, 2021 |
|---|---|---|
| | $ | $ |
| Canada | 788,468 | 784,027 |
| Malta | 1,864,364 | 1,483,808 |
| Total non-current assets | 2,652,832 | 2,267,835 |

## 15. Subsequent events

In January 2022 the Company had a further Cash Call from IDEO CoLab Ventures of US$2,740, taking the total invested to US$82,740.

The Company issued 140,323,030 common shares on February 22, 2022 and a further 10,000,000 common shares on February 28, 2022 taking the total outstanding common shares to 910,336,094.