
DANAVATION TECHNOLOGIES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
JANUARY 31, 2022**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Danavation Technologies Corp. (the "**Company**") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Danavation Technologies Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	Note	As at January 31, 2022	As at July 31, 2021
ASSETS			
Current Assets			
Cash		\$ 417,136	\$ 5,979
Accounts Receivable		260,374	196,049
Inventory		422,073	107,932
Government remittances receivable		263,376	263,471
Prepaid Expenses and deposits		715,665	378,252
Total Current Assets		\$ 2,078,624	951,683
Non-Current Assets			
Property and Equipment	5	679,775	683,828
Right-of-use assets	6	2,061,584	2,130,182
Other Long-Term Assets		13,404	-
Total Assets		\$ 4,833,387	\$ 3,765,693
EQUITY AND LIABILITIES			
Current Liabilities			
Accounts Payable and accrued liabilities		\$ 309,744	\$ 752,862
Deferred Revenue		203,864	9,925
Interest Payable on Debt	8, 9	31,852	-
Current portion of lease liabilities	7	174,449	149,701
Due to related party	11	364,616	599,968
Short-term Debt	8	732,581	-
Total current liabilities		1,817,106	1,512,456
Non-current liabilities			
Long-term lease liabilities	7	1,936,895	1,967,715
Long-term debt	9	3,147,594	-
Total Liabilities		6,901,595	3,480,171
Equity (Deficiency)			
Share Capital		6,612,299	6,361,256
Contributed surplus		2,715,661	1,772,962
Deficit		(11,396,168)	(7,848,696)
Total Equity (Deficiency)		(2,068,208)	285,522
Total Equity and Liabilities		\$ 4,833,387	\$ 3,765,693

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

Nature of Operations (Note 1)
Going Concern (Note 2)

Danavation Technologies Corp.

Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Loss
(Expressed in Canadian Dollars) (Unaudited)

		Three Months Ended January 31,		Six Months Ended January 31,	
	Note	2022	2021	2022	2021
Revenue		\$ 139,877	\$ 114,761	\$ 278,088	\$ 127,761
Cost of Goods Sold		126,885	78,282	355,936	82,247
Gross Margin		\$ 12,992	\$ 36,479	\$ (77,848)	\$ 45,514
Expenses					
Advertising and sales promotion		\$ 352,717	\$ 148,258	\$ 737,480	\$ 292,036
Amortization of equipment and right-of-use assets	5,6	110,569	29,258	214,780	45,340
Bank charges and interest		72,991	8,349	123,894	8,600
Consulting fees		-	20,933	24,000	38,021
Interest on long-term debt	9	143,456	641	254,443	10,344
Office and general		123,101	11,756	251,352	81,853
Professional fees		52,016	34,126	105,006	89,568
Research and development		(5,974)	63,330	5,491	63,330
Salaries and benefits		510,729	532,337	1,011,218	843,708
Trade show		73,777	30,307	102,220	36,307
Travel		13,702	180	36,432	302
Utilities		8,220	2,412	14,336	6,802
Vehicle		6,108	8,860	14,347	14,121
Stock-based compensation	13	574,625	882,339	574,625	882,339
Listing expense		-	1,055,185	-	1,055,185
		2,036,037	2,828,271	3,469,624	3,467,856
Net Loss and Comprehensive Loss for the Period		\$ (2,023,045)	\$ (2,791,792)	\$(3,547,472)	\$(3,422,342)
Basic and Diluted Loss per Share	14	\$ (0.02)	\$ (0.09)	\$ (0.03)	\$ (0.18)
Weighted Average Number of Common Shares Outstanding	14	103,673,797	31,122,158	103,443,836	18,650,468

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

Danavation Technologies Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars) (Unaudited)

	Note	For the Six Months Ended January 31, 2022	For the Six Months Ended January 31, 2021
Operating Activities			
Net loss for the period		\$ (3,547,472)	\$ (3,422,342)
Adjustments for items not involving cash:			
Depreciation		214,780	45,340
Bad debt expenses		(1,729)	-
Lease Interest		115,519	-
Debt Interest/Issuance Costs		121,069	-
Stock-based compensation	13	574,625	882,339
Listing Fee		-	658,767
Changes in non-cash working capital items:			
Accounts receivable		(64,325)	(144,567)
Government remittance receivable		95	88,871
Prepaid expense		(337,413)	(254,671)
Deferred Revenue		193,939	-
Accounts payable and accrued liabilities		(443,118)	930,306
Interest Payable on Debt		31,852	-
Inventories		(314,141)	(67,998)
Net Cash Used in Operating Activities		(3,456,319)	(1,283,955)
Investing Activities			
Acquisition of property and equipment		(63,882)	-
Long Term Assets		(13,404)	-
Cash acquired on reverse takeover		-	374,857
Net Cash Used in Investing Activities		(77,286)	374,857
Financing Activities			
Long-term Debt		3,476,076	(295,670)
Short-term Debt		738,750	-
Advances from related party		(235,352)	(568,088)
Lease principal repayments	7	(197,901)	(100,313)
Proceeds from issuance of shares, net of costs		163,191	3,666,514
Net Cash Provided by Financing Activities		3,944,764	2,702,443
Net Change in Cash		411,159	1,793,345
Cash, Beginning of Period		5,979	698,641
Cash, End of Period		\$ 417,138	\$ 2,491,986

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Danavation Technologies Corp.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars) (Unaudited)

	Note	Common Shares (#)	Common Shares (\$)	Warrant Reserve	Share Option Reserve	Debenture /Note Reserve	Deficit	Total
Balance, July 31, 2020		79,651,662	\$ 2,026,244	\$ -	\$ -	\$ -	\$ (2,028,581)	\$ (2,337)
Effect of reverse takeover transaction	4	22,531,725	3,947,839	909,893	-	-	-	4,857,732
Exercise warrants		1,000	458	(130)	-	-	-	328
Stock-based compensation		-	-	-	882,339	-	-	882,339
Net loss for the period		-	-	-	-	-	(3,422,342)	(3,422,342)
Balance, January 31, 2021		102,184,387	\$ 5,974,541	\$ 909,763	\$ 882,339	\$ -	\$ (5,450,923)	\$ 2,315,720
Balance, July 31, 2021		103,200,987	\$ 6,361,256	\$ 777,223	\$ 995,739	\$ -	\$ (7,848,696)	\$ 285,522
Exercise stock options	13	400,000	216,000	-	498,625	-	-	714,625
Exercise/Issue warrants	12	91,863	35,043	47,524	-	-	-	82,567
Long/Short Term Financing	8, 9	-	-	-	-	396,550	-	396,550
Net loss for the period		-	-	-	-	-	(3,547,472)	(3,547,472)
Balance, January 31, 2022		103,692,850	\$ 6,612,299	\$ 824,747	\$ 1,494,364	\$ 396,550	\$ (11,396,168)	\$ (2,068,208)

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

Danavation Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements
Three And Six Months Ended January 31, 2022
(Expressed in Canadian Dollars) (Unaudited)

1. Nature of Business

Danavation Technologies Corp. (Formerly Wolf's Den Capital Corp.) was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. The Company's principal activity relates to the sale of micro e-paper displays and software to retailers to automate labeling, price, product, and promotions in real-time.

These unaudited consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 31, 2022.

During the period, the Company changed its name to Danavation Technologies Corp., consolidated its common shares on the basis of 1 for 30, and changed its year end from December 31 to July 31. On January 8, 2021, the Company executed a share exchange agreement with Danavation Technologies Inc. (note 4).

On January 19, 2021, 8,245,000 of the Company's warrants began trading on the Canadian Securities Exchange, under the ticker symbol "DVN.WT".

The Company's common shares trade on the Canadian Securities Exchange ("**CSE**") under the symbol "DVN" and on the OTCQB Venture Market in the US under the symbol "DVNCF".

2. Going Concern

In the preparation of condensed interim consolidated financial statements, the Company's management is required to identify when events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, twelve months from the end of the reporting period. When the Company identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The Company has incurred a net loss of \$2,023,045 during the period ended January 31, 2022 and as at that date has a year-to-date deficit of \$3,547,472. As a result, there is material uncertainty that may cast significant doubt as to whether the Company will have the ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to successfully generate cash flows from operations or additional funding from external resources to continue operations. The company has available cash of \$417,136 as at January 31, 2022 and is currently seeking additional funding through multiple sources. Therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

3. Basis of Preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2021. The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended July 31, 2021.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and

Danavation Technologies Corp.
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various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year. The critical judgments and estimates applied in the preparation of the Company's condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended July 31, 2021.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency. These consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. All inter-company balances and transactions have been eliminated in preparing consolidated financial statements. The following wholly-owned subsidiaries have been consolidated within the consolidated financial statements:

Entity	Principle activity	Place of business and operations	Equity percentage
Danavation Technologies Inc.	Operating Company	Canada	100%
0890810 BC Ltd.	Operating Company	Canada	100%

4. Reverse Takeover of Danavation Technologies Corp. (Formerly Wolf's Den Capital Corp.) by Danavation Technologies Inc.

On January 8, 2021, the Company executed a share exchange agreement (the "**Share Exchange Agreement**") with Danavation Technologies Inc. ("**Danavation Tech**") and certain of its shareholders at such time (the "**Danavation Tech Shareholders**") pursuant to which Wolf's Den acquired all of the issued and outstanding shares of Danavation Tech in exchange for shares of the Company as detailed below (the "**Transaction**"). The Transaction was accounted for in accordance with IFRS 2, Share-Based Payments, and constituted a reverse takeover of the Company by Danavation Tech and the Danavation Tech Shareholders for the purposes of applicable securities laws.

Pursuant to the Share Exchange Agreement, the Company completed a consolidation of its issued and outstanding common shares (the "**Consolidation**") on the basis of one post-consolidation common share (the "**Shares**") for every thirty outstanding common shares in the capital of the Company.

As a condition to the completion of the Transaction, Danavation Tech completed a brokered private placement of 16,490,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of \$4,122,500 (the "**Danavation Tech Financing**"). Upon satisfaction of the release conditions, each Subscription Receipt was automatically exchanged, without payment of any additional consideration, into: (i) one Danavation Tech Share, each of which was immediately exchanged for one common share of the Company; and (ii) one-half of one common share purchase warrant, each whole warrant exercisable to acquire a Danavation Tech Share at an exercise price of \$0.35 expiring within twenty-four months from the satisfaction of the release conditions, each of which was immediately exchanged for warrants of the Company exercisable to acquire a common share of the Company on the same terms on a post-Transaction basis. Cash costs, including professional fees and cash broker commissions were \$456,336.

The resulting 8,245,000 warrants have been assigned an aggregate fair value of \$744,009 by calculating the fair value using the Black Scholes valuation model and allocating a percentage of the subscription receipts to the warrants. The Black Scholes valuation was done with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.24% and expected life of 2 years.

In connection with the Danavation Tech Financing, 1,272,000 broker warrants were issued at an exercise price of \$0.25 per broker warrant for twenty-four months from completion of the release conditions. The broker warrants were

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assigned an aggregate fair value of \$165,885 using the Black-Scholes valuation model, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.24% and expected life of 2 years.

Each of the above securities were immediately be exchanged for warrants of the Company exercisable to acquire a Share on the same terms.

The Company acquired 100% of the issued and outstanding shares of Danavation Tech, issuing 96,141,662 Shares to the holders of Danavation Tech Shares, including Danavation Tech Shares issued in connection with the Danavation Tech Financing.

Concurrently with the Consolidation, the Company changed its name to Danavation Technologies Corp., and changed its year end from December 31 to July 31.

5. Property and Equipment

As of January 31, 2022, property and equipment consisted of the following:

Cost	Leasehold Improvements	Furniture and Equipment	Computer	Total
Balance, July 31, 2021	\$ 279,103	\$ 357,005	\$ 87,236	\$ 723,344
Additions	609	48,886	14,387	63,882
Balance, Jan 31, 2022	\$ 279,712	\$ 405,891	\$ 101,623	\$ 787,226

Accumulated Depreciation	Leasehold Improvements	Furniture and Equipment	Computer	Total
Balance, July 31, 2021	\$ 6,944	\$ 20,988	\$ 11,584	\$ 39,516
Depreciation for the period	13,965	38,359	15,611	67,935
Balance, Jan 31, 2022	\$ 20,909	\$ 59,347	\$ 27,195	\$ 107,451

Carrying Value	Leasehold Improvements	Furniture and Equipment	Computer	Total
Balance, July 31, 2021	\$ 272,159	\$ 336,017	\$ 75,652	\$ 683,828
Balance, Jan 31, 2022	\$ 258,803	\$ 346,544	\$ 74,428	\$ 679,775

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Property and equipment are recorded at cost. Amortization is provided for on a straight-line basis on the following useful lives:

Asset	Useful lives
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Term of lease

6. Right-of-Use Assets

Balance, July 31, 2021	\$ 2,130,182
Additions/Deletions	78,247
Depreciation	(146,845)
Balance, Jan 31, 2022	\$ 2,061,584

Right-of-use assets consists of office, testing and operations facility leases and are amortized 120, 36 and 24 months.

Maturity Analysis - Contractual Undiscounted Cash Flows

As at Jan 31, 2022:	
Less than one year	\$ 412,989
Greater than one year	2,801,757
Total undiscounted lease obligation	\$ 3,214,746

7. Lease Liability

At the commencement date of the leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the Company's incremental borrowing rate. The continuity of the lease liabilities are presented in the table below:

Carrying value, July 31, 2021:	\$ 2,117,416
Additions	78,247
Accretion expense	113,582
Lease payments	(197,901)
Balance, Jan 31, 2022	\$ 2,111,344

As at Jan 31, 2022:

Less than one year	174,449
Greater than one year	1,936,895
Total lease obligation	\$ 2,111,344

Effective May 15, 2021, the Company began the 10-year lease for its head office.

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8. Short-term Debt

	Jan 31, 2022	July 31, 2021
Convertible Promissory Note	732,581	-
Interest	6,185	-
Total Short-term Debt Liability	\$ 738,766	\$ -
	Jan 31, 2022	
Convertible Promissory Note Payable	\$ 750,000	
Discount on Note(IAS 32)	(8,981)	
Unamortized Issuance Costs	(8,438)	
Short-term Debt	\$ 732,581	

On December 21, 2021, the company issued a convertible promissory note, in the amount of \$750,000 (the “**Note**”). The Note matures on the earlier of: (i) the completion of a minimum financing of C\$1,000,000 (the “**Financing**”); or (ii) April 30, 2022 (the “**Maturity Date**”) and will bear interest at an interest rate of 7% per annum calculated at the Maturity Date. Subject to regulatory approval, if required, the Note is convertible into securities of the Company at the option of the holder subject to the completion of the Financing on or prior to the Maturity Date at a conversion price equivalent to the securities issued under the Financing.

The Note will have an issuance cost of 1.5%(\$11,250) and as per IAS 32 will have a discount of \$13,321 representing the equity component. These will be amortized on straight-line basis over the term of the promissory note, in the same manner as detailed in Long-term Debt Note 9(i).

9. Long-term Debt

	Jan 31, 2022	July 31, 2021
Convertible Debenture(note i)	3,147,594	-
Interest	25,667	-
Total Long-term Debt Liability	\$ 3,173,261	\$ -
	Jan 31, 2022	
Convertible Debenture Payable	\$ 3,850,000	
Discount on Debenture(IAS 32)	(333,754)	
Less Unamortized Costs:		
Issuance Costs	(321,645)	
Commission Options	(47,007)	
Long-term Debt	\$ 3,147,594	

Danavation Technologies Corp.
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Future interest payments on the convertible debenture are as follows:

2022	308,000
2023	308,000
2024	194,504
	<u>\$ 810,504</u>

- i) The Company entered into an agreement with Computershare Trust Company of Canada ("**Computershare**") on August 17, 2021 in which the Company received \$3,850,000 of unsecured convertible subordinated debentures (the "**Debentures**") subject to interest at 8.00% per annum, paid quarterly, with a maturity date of August 17, 2024. As part of the agreement \$373,924 in issuance costs (legal fees, commissions) were paid to arrange the debenture. In addition, 421,111 commission stock options that are convertible to common shares were issued to the broker that arranged the financing.

The terms for the debenture are that it may be converted, in whole or in part, at the option of the holder into common shares of the Company. The conversion price is \$0.45/common share at any time up to the maturity date of August 17, 2024. However if the daily volume weighted average price of the common shares on the CSE for 20 consecutive days exceeds \$0.75, as adjusted in accordance with the indenture, the Company may deliver a forced conversion notice to Computershare by way of a news release to cause the registered holder to have to convert all but not less than the principal amount of the Debentures into that number of common shares of the Company equal to the principal amount of the Debentures to the forced conversion date.

IAS 32 Financial instruments states that an assessment must be done to evaluate whether the instrument contains both a liability and an equity component. Management has determined that a liability and equity component exist for this instrument due to the conversion feature. This is determined by calculating the fair value of the debt component and setting up a financial liability for that amount. The residual balance between the proceeds received and the fair value of the debt is recognized in equity. The fair value of the debt is measured at the fair value of a similar liability that does not have an associated equity component. Management has determined that the interest rate that could be obtained for a similar debt is 12%. Using this interest rate, the fair value of the debt is \$3,466,771. This debenture appears on the balance sheet with a discount of \$383,229 representing the equity component. This will be amortized on a straight-line basis over the term of the debenture to interest expense. If the conversion feature is exercised the debt and equity portions will be derecognized, and the common shares will be recognized.

The Company incurred \$373,924 for debenture issuance costs. These appear as a contra-liability account to the debenture and amortized to interest expense on a straight-line basis over the debenture term.

IFRS 2 Share-based payments states that share-based payments with non-employees are measured when the services are rendered and at fair value. If the fair value cannot be determined then the fair value of the options can be used. Management cannot reliably determine the fair value of the services and has valued the commission stock options at \$59,377 using the Black Scholes method. The calculation was done with a dividend yield 0%, 0.81% annual risk-free interest rate, 100% volatility and a 2-year maturity. This appears as a contra-liability account to the debenture and amortized over 2 years to interest expense.

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(Expressed in Canadian Dollars) (Unaudited)

10. Financial Instruments

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short-term maturities of these financial instruments.

The Company is exposed to the following risks by virtue of its activities:

Credit Risk

Cash is invested with one major bank in Canada. Management believes that the financial institution that holds the Company's cash is financially sound and, accordingly, minimal credit risk exists with respect to this asset. The accounts receivable balance is due from a few retailers which have been assessed for expected credit losses and no significant allowance has been determined. The maximum credit risk is the sum of its cash and accounts receivable.

None of the Company's financial assets are secured by collateral or other credit enhancements. The Company determined that there were no financial assets that were impaired.

Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Market Risk

Foreign currency risk

The parent company's functional currency is the Canadian dollar. At January 31, 2022, the Company has no liabilities that are in US funds and has \$104,135 US currency in its bank account. The Company's foreign exchange risk is minimal.

Price risk

The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices.

11. Related Party Transactions and Key Management Compensation

	Jan 31, 2022	July 31, 2021
Dana Industries	\$ 213,661	\$ 433,013
K Iccir Holdings Inc.	150,955	166,955

The amounts due to Dana Industries Inc. and K Iccir Holdings Inc. is unsecured, non-interest bearing, with no specific terms for repayment and are due on demand.

For the six months ended January 31,	2022	2021
Compensation paid to key management	311,198	143,140

The compensation paid to key management includes executive wages and bonuses as per terms of employment.

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During the six months ending January 31, 2022 the Company paid \$19,481 (period ending January 31, 2021 - \$nil) to Marrelli Support Services Inc. ("**Marrelli Support**") and DSA Corporate Services Inc. (the "**DSA**"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie to act as Chief Financial Officer ("**CFO**") of the Company
- (ii) Corporate filing services

The amount represents the final expenses for Robert Suttie(former CFO) through July 30, 2021.

Both Marrelli Support and DSA are private companies. Robert Suttie is the President of Marrelli Support.

During the six months ended January 31, 2022 the Company paid \$36,782 (2020: \$4,520) to Loberto and Associates primarily for Executive search services. The Company was a related party to Tom Loberto (former Director).

12. Warrants

The following table reflects the continuity of warrants for the period ending January 31, 2022:

		Number of Warrants		Amount
Balance, July 31, 2021	\$	8,499,400	\$	777,223
Issued		421,111		59,377
Exercised		(91,863)		(11,853)
Balance, January 31, 2022	\$	8,828,648	\$	824,747

The following table reflects the warrants outstanding and exercisable as of January 31, 2022:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding
December 10, 2022	0.35	0.86	8,241,750
December 10, 2022	0.25	0.86	165,787
August 17, 2023	0.45	1.54	421,111
		0.89	8,828,648

13. Stock Options

The following table reflects the continuity of stock options for the period ending January 31, 2022:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2021	5,045,000	0.35
Issued	2,025,000	0.40
Expired	(80,000)	0.35
Exercised	(400,000)	0.35
Balance, Jan 31, 2022	6,590,000	\$ 0.37

As at January 31, 2022, all issued and outstanding options were exercisable.

Danavation Technologies Corp.
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(Expressed in Canadian Dollars) (Unaudited)

The following table reflects the stock options issued and outstanding as of January 31, 2022:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life(Years)	Number of Options Outstanding
January 14, 2026	0.35	3.95	4,160,000
May 4, 2026	0.40	4.25	405,000
August 23, 2026	0.40	4.56	250,000
December 20, 2026	0.40	4.88	1,775,000
		4.24	6,590,000

On December 3, 2021 and December 20, 2021, the Company granted 250,000 and 1,775,000 compensation options, respectively, to officers, directors, employees and consultants exercisable for a period of 4.72 and 5 years at \$0.40. The 250,000 options were assigned a fair value of \$68,750 using the Black-Scholes valuation model with the following assumptions: 4.72 year expected life, volatility of 100%, risk-free interest rate of 1.34%, and a dividend yield and forfeiture rate of 0%. The 1,775,000 options were assigned a fair value of \$505,875 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 100%, risk-free interest rate of 1.22%, and a dividend yield and forfeiture rate of 0%. The options vested upon grant.

14. Loss per Share

The calculation of basic and diluted loss per share for the six months ending January 31, 2022 and 2021 were based on the loss attributable to common shareholders of \$3,547,472 (period ending January 31, 2021 - \$3,422,342) and the weighted average number of common shares outstanding of 103,443,836 (January 31, 2021 – 18,650,468). Diluted loss per share did not include the effect of warrants and stock options as they are anti-dilutive.

15. Impact of COVID-19

The outbreak of the novel strain of Corona Virus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Although the duration and impact of the COVID-19 outbreak remains unknown, governments worldwide are beginning to loosen pandemic restrictions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results, ability to finance, carrying value of assets and condition of the Corporation and its operating subsidiaries in future periods. To date, the Company has not experienced a material impact related to the Covid-19 outbreak on financing, operations or logistics.

16. Board of Directors

On January 11, 2022, Tom Loberto resigned as a Director for the Company. See note 17.

17. Subsequent Events

On February 24, 2022, Russia launched a full scale invasion of Ukraine. In response, governments worldwide implemented economic sanctions against Russia which included removing specific Russian banks from the SWIFT(Society of Worldwide Interbank Financial Telecommunication) financial messaging system. These actions have resulted in volatility with global equity markets. At this time, it is not possible to reliably measure or estimate the impact of these events on the Company's operations.

On March 24, 2022, the company announced that its common shares have received Depository Trust Company (“DTC”) full-service eligibility in the U.S. The Company currently trades on the OTCQB under the symbol DVNCF.

Danavation Technologies Corp.
Notes to Condensed Interim Consolidated Financial Statements
Three And Six Months Ended January 31, 2022
(Expressed in Canadian Dollars) (Unaudited)

On March 25, 2022, Riccardo Forno was elected as a Director at the Company's Annual General Meeting filling the vacant position formerly held by Tom Loberto. The other four Directors were re-elected to the Board.