DANAVATION TECHNOLOGIES CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2023, AND 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.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars) (Unaudited)

As at	**April 30, 2023**	July 31, 2022
Assets		
Current assets		
Cash	**107,379**	13,861
Amounts receivable (Note 4)	**201,837**	276,798
Inventory (Note 5)	**313,783**	454,058
Prepaid expenses and deposits	**124,450**	136,707
	747,449	881,424
Non-current assets		
Property, plant, and equipment (Note 6)	**543,231**	647,198
Right-of-use assets (Note 7)	**1,686,321**	1,911,479
Other long-term assets	**13,404**	13,404
	2,242,956	2,572,081
Total assets	**2,990,405**	3,453,505
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**941,569**	1,089,030
Deferred revenue	**492,562**	219,226
Interest payable on debts (Note 10)	**25,163**	25,796
Current portion of lease liabilities (Note 8)	**184,036**	187,128
Due to related party (Note 13)	**666,865**	501,784
Short-term debt (Note 9)	-	750,000
	2,310,195	2,772,964
Non-current liabilities		
Long-term lease liabilities (Note 8)	**1,671,042**	1,828,337
Long-term debt (Note 10)	**3,520,612**	3,358,080
	5,191,654	5,186,417
Total liabilities	**7,501,849**	7,959,381
Shareholders' equity (deficit)		
Share capital (Note 11)	**9,298,482**	6,718,019
Contributed surplus (Note 11)	**3,742,476**	2,669,161
Deficit	**(17,552,402)**	(13,893,056)
Total shareholders' equity (deficit)	**(4,511,444)**	(4,505,876)
Total liabilities and shareholders' equity (deficit)	**2,990,405**	3,453,505

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

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

On behalf of the Board of Directors:

/s/ John Ricci	*/s/ Frank Borges*
Director	Director

Danavation Technologies Corp.

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

For the:	Three months ended April 30,		Nine months ended April 30,	
	2023	2022	**2023**	2022
Revenue	**$ 365,207**	$ 628,114	**$ 1,380,427**	$ 906,202
Costs of sales	**(241,032)**	(401,650)	**(882,367)**	(757,586)
Gross profit	**124,175**	226,464	**498,060**	148,616
Expenses				
Advertising and sales promotion	**117,648**	261,457	**454,064**	998,937
Depreciation and amortization (Note 6 and 7)	**110,945**	110,808	**332,658**	325,588
Bank charges and interest (Note 8, 9 and 10)	**158,161**	131,961	**492,983**	423,482
Accretion expense (Note 10)	**55,041**	49,332	**162,532**	136,148
Office and general	**347,508**	166,160	**821,200**	590,338
Professional fees	**187,458**	50,079	**479,896**	179,085
Salaries and benefits	**493,467**	474,382	**1,061,301**	1,485,600
Stock-based compensation	**28,549**	-	**352,772**	574,625
Total expenses	**1,498,777**	1,244,179	**4,157,406**	4,713,803
Net loss and comprehensive loss	**$ (1,374,602)**	$ (1,017,715)	**$ (3,659,346)**	$ (4,565,187)
Basic and diluted loss per Share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.04)
Weighted average number of shares outstanding, Basic and Diluted (Note 11)	**115,119,294**	104,201,590	**113,079,817**	103,530,856

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

Danavation Technologies Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars) (Unaudited)

For the:	Three months ended April 30, 2023	Three months ended April 30, 2022	Nine months ended April 30, 2023	Nine months ended April 30, 2022
Operating activities				
Net loss for the period	**$ (1,374,602)**	$ (1,017,715)	**$ (3,659,346)**	$ (4,565,187)
Expected credit losses (Note 4)	**81,404**	1,030	**77,563**	(699)
Stock-based compensation	**28,549**	-	**352,772**	574,625
Depreciation and amortization (Note 6 and 7)	**110,945**	110,808	**332,658**	325,588
Accretion expense (Note 10)	**55,041**	-	**162,532**	-
Changes in non-cash working capital items:				
Decrease (Increase) in accounts receivable	**334,864**	(442,453)	**(2,602)**	(506,683)
Decrease (Increase) in inventory	**201,321**	(31,120)	**140,275**	(345,261)
Decrease (Increase) in prepaid expenses and deposits	**74,342**	328,682	**12,257**	(8,731)
Increase (decrease) in accounts payable and accrued liabilities	**(525,696)**	393,914	**(147,461)**	55,384
Increase (decrease) in deferred revenue	**145,855**	82,984	**273,336**	276,923
Increase (decrease) in interest payable on debts	**(1,821)**	(6,689)	**(633)**	25,163
Cash used in operating activities	**$ (869,798)**	$ (580,559)	**$ (2,458,649)**	$ (4,168,878)
Investing activities				
Purchases of property, plant and equipment (Note 6)	**$ -**	$ (3,791)	**$ (3,533)**	$ (67,673)
Purchases of other long-term assets	**-**	-	**-**	(13,404)
Cash from (used in) investing activities	**$ -**	$ (3,791)	**$ (3,533)**	$ (81,077)
Financing activities				
Long-term debt	**$ -**	$ 124,939	**$ -**	3,617,496
Short-term debt	**-**	11,250	**-**	750,000
Advances from related parties (Note 13)	**10,081**	108,179	**165,081**	(127,173)
Lease principal repayments (Note 8)	**(55,426)**	(46,756)	**(160,387)**	(129,138)
Proceeds from the issuance of units (Note 11)	**1,000,000**	(11,338)	**2,551,006**	151,853
Cash from financing activities	**$ 954,655**	$ 186,274	**$ 2,555,700**	$ 4,263,038
Increase (decrease) in cash	**$ 84,857**	$ (398,076)	**$ 93,518**	$ 13,083
Cash, beginning of period	**$ 22,522**	$ 417,138	**$ 13,861**	$ 5,979
Cash, end of period	**$ 107,379**	$ 19,062	**$ 107,379**	$ 19,062

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

Danavation Technologies Corp.
Unaudited Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars) (Unaudited)

	Number of common shares	Common share capital	Contributed surplus: Reserves	Contributed surplus: Warrants	Deficit	Total shareholders' deficit
Balance July 31, 2022	104,282,850	$ 6,718,019	$ 1,873,348	$ 795,813	$ (13,893,056)	$ (4,505,876)
Conversion of Short-term debt (Note 9)	3,000,000	608,150	-	141,850	-	750,000
Issuance of units (Note 11)	11,892,000	1,972,313	-	578,693	-	2,551,006
Stock-based compensation	-	-	352,772	-	-	352,772
Net loss for the period	-	-	-	-	(3,659,346)	(3,659,346)
Balance April 30, 2023	119,174,850	$ 9,298,482	$ 2,226,120	$ 1,516,356	$ (17,552,402)	$ (4,511,444)

	Number of common shares	Common share capital	Contributed surplus: Reserves	Contributed surplus: Warrants	Deficit	Total shareholders' equity
Balance July 31, 2021	103,200,987	$ 6,361,256	$ 995,739	$ 777,223	$ (7,848,696)	$ 285,522
Exercise of stock options	400,000	216,000	(76,000)	-	-	140,000
Exercise of warrants	91,863	35,043	-	(23,190)	-	11,853
Issuance of convertible debts	-	-	336,780	-	-	336,780
Stock-based compensation	-	-	574,625	-	-	574,625
Net loss for the period	-	-	-	-	(4,565,187)	(4,565,187)
Balance April 30, 2022	103,692,850	$ 6,612,299	$ 1,831,144	$ 754,033	$ (12,413,883)	$ (3,216,407)

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

1. Nature of Business

Danavation Technologies Corp. (the "Company") was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 21 Roybridge Gate, Woodbridge, Ontario, Canada, L4H 1E6. 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 condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 27, 2023.

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 these unaudited 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 $1,374,602 and $3,659,346 during the respective three-and-nine-month periods ended April 30, 2023, and as at that date has a deficit of $17,552,402. 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 $107,379 as of April 30, 2023, 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

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The same accounting policies and methods of computation were followed in the preparation of these unaudited condensed interim consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended July 31, 2022.

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 for the three-and-nine months ended April 30, 2023, and 2022 should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2022.

The preparation of these unaudited condensed interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are consistent with those disclosed in the annual consolidated financial statements for the year ended July 31, 2022. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended July 31, 2022.

Subsidiaries

These unaudited condensed interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to variable returns from its activities. The unaudited condensed interim consolidated financial statements of the Company include:

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

Functional and presentation currency

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each entity within the unaudited condensed interim consolidated financial statements determines its own functional currency and items included in the unaudited condensed interim consolidated financial statements of each entity are remeasured using the functional currency. The functional currency of the Company's subsidiaries is the Canadian dollar.

4. Amounts Receivable

		As at April 30, 2023		As at July 31, 2022
Accounts receivable		**170,467**		321,674
Other receivable		**38,977**		40,294
Expected credit losses		**(7,607)**		(85,170)
Total amounts receivable	**$**	**201,837**	$	276,798

The movement in the expected credit loss provision can be reconciled as follows:

		As at April 30, 2023		As at July 31, 2022
Expected credit loss provision, beginning balance		**85,170**		3,941
Expected credit loss movement		**(77,563)**		81,229
Total expected credit losses	**$**	**7,607**	$	85,170

5. Inventory

The Company's inventory consists of DSL equipment pending installation and spare equipment for miscellaneous client orders. The Company's inventory is comprised of:

		As at April 30, 2023		As at July 31, 2022
Finished goods		**313,783**		454,058
Inventory	**$**	**313,783**	$	454,058

(Expressed in Canadian Dollars) (Unaudited)

6. Property, Plant, and Equipment

As of April 30, 2023, property, plant, and equipment consisted of the following:

	Leasehold Improvements	Furniture and Equipment	Computer	Total
Cost:				
July 31, 2021	$ 279,103	$ 357,005	$ 87,238	**$ 723,346**
Additions	609	48,886	53,322	**102,817**
July 31, 2022	**$ 279,712**	**$ 405,891**	**$ 140,560**	**$ 826,163**
Accumulated depreciation:				
July 31, 2021	$ 6,944	$ 20,990	$ 11,584	**$ 39,518**
Depreciation	27,951	78,948	32,548	**139,447**
July 31, 2022	**$ 34,895**	**$ 99,938**	**$ 44,132**	**$ 178,965**
Carrying amounts				
July 31, 2022	**$ 244,817**	**$ 305,953**	**$ 96,428**	**$ 647,198**

	Leasehold Improvements	Furniture and Equipment	Computer	Total
Cost:				
July 31, 2022	$ 279,712	$ 405,891	$ 140,560	**$ 826,163**
Additions	-	450	3,083	**3,533**
April 30, 2023	**$ 279,712**	**$ 406,341**	**$ 143,643**	**$ 829,696**
Accumulated depreciation:				
July 31, 2022	$ 34,895	$ 99,938	$ 44,132	**$ 178,965**
Depreciation	20,979	60,933	25,588	**107,500**
April 30, 2023	**$ 55,874**	**$ 160,871**	**$ 69,720**	**$ 286,465**
Carrying amounts				
April 30, 2023	**$ 223,838**	**$ 245,470**	**$ 73,923**	**$ 543,231**

7. Right-of-Use Assets

The Company enters into lease arrangements for a building, warehouse, office equipment, and other assets as part of its daily operations.

Building and warehouse leases include the rental of office space and storage facilities. These leases vary in length and are typically over 5 years and may include several renewal options.

Office equipment leases include the rental of machinery and computer hardware. These leases vary in duration and structure and typically do not exceed 10 years.

The following table reconciles changes in right-of-use assets.

Balance, July 31, 2022	**1,911,479**
Depreciation	(225,158)
Balance, April 30, 2023	**1,686,321**

Lease liabilities associated with the Company's right-of-use assets are described in Note 8.

(Expressed in Canadian Dollars) (Unaudited)

8. Lease Liability

Lease liabilities consist of the following:

As at July 31, 2022	$	2,015,465
Payments during the period		(311,850)
Interest expense during the period		151,463
Balance, April 30, 2023	**$**	**1,855,078**
Current portion	**$**	**184,036**
Long-term balance	**$**	**1,671,042**

As at August 1, 2021	$	2,117,416
Additions during the period		78,247
Payments during the period		(403,687)
Interest expense during the period		223,489
Balance, July 31, 2022	**$**	**2,015,465**
Current portion	**$**	**187,128**
Long-term balance	**$**	**1,828,337**

During the three and nine months ended April 30, 2023, the Company made regular lease payments of $103,950 and $311,850, respectively (2022 - $61,769 and $259,670), including payments of interest and fees of $48,524 and $151,463, respectively (2022 - $15,013 and $130,532, respectively).

The following is a maturity analysis for undiscounted lease payments that are reflected in the lease liabilities as of April 30, 2023.

Maturity analysis - contractual undiscounted cash flows		
Less than one year	**$**	**360,802**
One to five years		**1,647,005**
Greater than five years		**690,000**
Total undiscounted lease obligations	**$**	**2,697,807**

Right-of-use assets associated with the Company's lease liability are described in Note 7.

9. Short-term Debt

On December 21, 2021, the company issued a convertible promissory note, in the amount of $750,000 (the "**Note**"). On August 26, 2022, the Note was converted at the option of the holder into 3,000,000 Shares and 1,500,000 Common Share Purchase Warrants. On conversion, the Company made payments to the Holder of $34,664 for interest on the Note and $37,500 for other conversion related fees. These amounts are included in Bank Charges and Interest on the Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss.

On conversion, the Company recorded $608,150 for the issuance of shares and $141,850 for the issuance of warrants based on a relative fair value calculation. The warrant value was determined using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 3.54% annual risk-free interest rate, 89.13% volatility and a 2-year maturity.

10. Long-term Debt

The Company entered into an agreement with Computershare Trust Company of Canada ("Computershare") on August 17, 2021, in which the Company issued unsecured convertible subordinated debentures in the aggregate amount of $3,850,000. The debentures bear interest at 8.00% per annum, payable quarterly, and mature within 36 months on August 17, 2024.

The principal amount of the debentures is convertible into common shares of the Company at a price of $0.45 per share, at the option of the holder. However, if the daily volume weighted average price of the common shares on the CSE for 20 consecutive days exceeds $0.75, the Company may force the conversion of the principal amount of the convertible debentures.

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The debenture was recorded at its fair value of $3,176,816, discounted at a market interest rate of 12% and is net of debt issue costs. The accretion expense for the three and nine months ended April 30, 2023, calculated using the effective interest method was $55,041 and $162,532, respectively (2022 – 49,332 and 136,148, respectively). The effective interest rate used was 15.32% and the coupon rate on the debt is 8.00%. Interest expense for long-term convertible debentures was $75,179 and $230,367 for the respective three and nine months ended April 30, 2023 (2022 - $75,101 and $216,866, respectively).

The Company holds the right to prepay the debentures at its discretion. Management notes that the likelihood that this option will be exercised is minimal and thus a $nil value was assigned to the prepayment option.

		Convertible debenture
Balance, July 31, 2022	$	3,358,080
Accretion expense during the period		162,532
Balance, April 30, 2023	**$**	**3,520,612**

		Interest Payable
Balance, July 31, 2022	$	25,796
Accured interest		230,367
Interest payments		(231,000)
Balance, April 30, 2023	**$**	**25,163**

The following is a maturity analysis for undiscounted debt payments that are reflected in the long-term debt as of April 30, 2023.

Maturity analysis - contractual undiscounted cash flows		
Less than one year	**$**	**308,000**
One to five years		**3,966,347**
Total	**$**	**4,274,347**

11. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of common shares.

b) Issued and outstanding

At July 31, 2022, there were 104,282,850 issued and outstanding common shares.

On August 26, 2022, the Company announced the closing of the second tranche of a non-brokered private placement through the issuance of 3,120,000 units at a price of $0.25 per unit, for aggregate proceeds of $780,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. The warrants are exercisable at a price of $0.35 for a period of twenty-four months. In connection with the second tranche of the private placement, the Company paid cash commissions of $25,500, incurred other cash issuance costs of $25,000, and issued 102,000 broker warrants. Each broker warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.25 per Common Share for twenty-four months from the closing of the private placement. The Company recorded $582,958 for the issuance of shares, $135,974 for the issuance of warrants, and $10,568 for the issuance of broker warrants based on a relative fair value calculation. The warrant and broker warrant values were determined using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 3.54% annual risk-free interest rate, 89.13% volatility and a 2-year maturity.

In addition, the Company announced that the holder of a convertible promissory note in the principal amount of $750,000 has converted the full amount of the Note into units in accordance with the terms of the Note, and accordingly the Company has issued 3,000,000 Shares and 1,500,000 warrants to the holder. For more information, refer to Note 9.

On September 22, 2022, the Company announced the closing of the third tranche of a non-brokered private placement through the issuance of 1,452,000 units at a price of $0.25 per unit, for aggregate proceeds of $363,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. The warrants are exercisable at a price of $0.35 for a period of twenty-four months. In connection with the third tranche of the private placement, the Company paid cash commissions of $25,350, incurred other cash issuance costs of $30,000, and issued 101,400 broker warrants. Each broker warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.25

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per Common Share for twenty-four months from the closing of the private placement. The Company recorded $245,647 for the issuance of shares, $53,058 for the issuance of warrants, and $8,945 for the issuance of broker warrants based on a relative fair value calculation. The warrant and broker warrant values were determined using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 3.78% annual risk-free interest rate, 88.08% volatility and a 2-year maturity.

On October 7, 2022, the Company announced the closing of the final tranche of a non-brokered private placement through the issuance of 2,320,000 units at a price of $0.25 per unit, for aggregate proceeds of $580,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. The warrants are exercisable at a price of $0.35 for a period of twenty-four months. In connection with the final tranche of the private placement, the Company paid cash commissions of $39,750, incurred other cash issuance costs of $26,394, and issued 25,500 broker warrants. Each broker warrant entitles the holder thereof to acquire one Share at an exercise price of $0.25 per Share for twenty-four months from the closing of the private placement. The Company recorded $422,808 for the issuance of shares, $88,679 for the issuance of warrants, and $2,369 for the issuance of broker warrants based on a relative fair value calculation. The warrant and broker warrant values were determined using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 4.05% annual risk-free interest rate, 87.19% volatility and a 2-year maturity.

On April 10, 2023, the Company announced a non-brokered private placement through the issuance of units at a price of $0.20 per unit. Each unit is comprised of one common share and one common share purchase warrant. The warrants are exercisable at a price of $0.30 for a period of twenty-four months. On April 14, 2023, the Company announced the closing of the first tranche through the issuance of 5,000,000 units for aggregate gross proceeds of $1,000,000. The Company recorded $720,900 for the issuance of shares and $279,100 for the issuance of warrants based on a relative fair value calculation. The warrant value was determined using the Black-Scholes option pricing model, with the following assumptions: dividend yield 0%, 3.89% annual risk-free interest rate, 91.96% volatility and a 2-year maturity.

On April 30, 2023, there were 119,174,850 issued and outstanding common shares.

c) Stock options

The Company has a rolling stock option plan to provide incentives to directors, employees, and consultants of the Company.

The following table summarizes information about stock options outstanding as of April 30, 2023.

	Number of options	Average exercise price ($)	Average remaining life (years)
Closing balance, July 31, 2022	5,700,000	0.380	3.917
Options granted	2,975,000	0.350	
Adjustment to closing balance	125,000	0.400	
Closing balance, April 30, 2023	**8,800,000**	**0.368**	**3.676**

Total options exercisable on April 30, 2023 were 8,800,000 with a remaining average life of 3.676 years (2022 – 6,590,000 with a remaining average life of 3.99 years).

The fair value of the options was estimated using the Black-Scholes option pricing model with the following weighted assumptions:

	Fiscal 2023	Fiscal 2022
Share price	$0.19 - $0.20	$0.23 - $0.39
Risk-free annual interest rate	2.85% - 3.24%	1.22% - 3.16%
Expected annual dividend yield	0%	0%
Expected annualized volatility	86.11% - 92.04%	90.38% - 90.74%
Expected life of options	5 years	5 years
Forfeiture rate	0%	0%

d) Warrants

Each warrant entitles the holder to purchase one common share of the Company. The following table summarizes information about warrants outstanding as of April 30, 2023:

	Number of warrants	Average exercise price ($)	Average remaining life (years)
Closing balance, July 31, 2022	9,123,648	0.353	0.445
Warrants issued	10,174,900	0.323	
Warrants expired	(8,407,537)	0.348	
Closing balance, April 30, 2023	**10,891,011**	**0.329**	**1.591**

The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following weighted assumptions:

	Fiscal 2023	Fiscal 2022
Share price	$0.19 - $0.32	$0.27
Risk-free annual interest rate	3.54% - 4.05%	0.81%
Expected annual dividend yield	0%	0%
Expected annualized volatility	87.19% - 91.96%	100%
Expected life of options	2 years	2 years
Forfeiture rate	0%	0%

e) Loss per share

The calculation of basic and diluted loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potentially dilutive shares such as options, convertible debt and warrants have not been included as they would have the effect of decreasing the loss per share and they would therefore be anti-dilutive.

12. Financial Instruments

The carrying value of cash, amounts 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. On April 30, 2023, the Company has no long-term liabilities that are in US funds. The Company’s foreign exchange risk is minimal.

(Expressed in Canadian Dollars) (Unaudited)

13. Related Party Transactions and Key Management Compensation

Amounts payable to related parties:

The Company had the following amounts due to companies controlled by an officer of the Company:

		As at April 30, 2023		As at April 30, 2022
Dana Industries		**480,829**		213,661
K Iccir Holdings Inc.		**146,353**		150,955
Segrob Holdings Inc.		**39,683**		-
Total	**$**	**666,865**	$	364,616

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

Key management and director compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company. Key management personnel include members of the Board of Directors and executive officers. Compensation of key management personnel may include short-term and long-term benefits as applicable, including salaries, bonuses, stock options or post-employment benefits. Compensation provided to current and key management are as follows:

	Three months ended April 30,				**Nine months ended April 30,**			
		2023		2022		**2023**		2022
Short-term benefits		**155,329**		335,917		**372,645**		647,115
Long-term benefits		**28,549**		8,419		**150,504**		235,431
Total	**$**	**183,878**	$	344,336	**$**	**523,149**	$	882,546

14. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company considers its capital structure to include debt and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt, acquire or dispose of assets to maintain or adjust its capital structure.

The Company is dependent on expected business growth, changes in the business environment and capital markets as its source of operating capital. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management in the period.

15. Subsequent Events

On May 15, 2023, the Company announced the closing of the final tranche of its non-brokered private placement through the issuance of 1,650,000 units for aggregate gross proceeds of $330,000.