COVER TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cover Technologies Inc.

Opinion

We have audited the consolidated financial statements of Cover Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 28, 2022

COVER TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2021	September 30, 2020
		$	$
ASSETS			
Current Assets			
Cash		1,329,318	12,401
Other receivables	7	-	1,225
Sales tax receivable		101,916	10,155
Prepaids	16	690,649	-
		2,121,883	23,781
Prepaids	15	-	50,000
		2,121,883	73,781
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICENCY)			
Current Liabilities			
Accounts payable and accrued liabilities	6	354,363	371,748
Due to related parties	9	80,806	188,840
Notes payable	8	92,245	516,856
Advance from Investissement Québec	7	553,443	533,891
Proceeds from convertible debenture	11	57,593	166,529
		1,138,450	1,777,864
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share Capital	10	18,249,463	9,063,200
Reserves	10	4,806,988	2,918,987
Deficit		(22,073,018)	(13,686,270)
		983,433	(1,704,083)
		2,121,883	73,781

Nature of operations and going concern	1
Commitments	16

Approved and authorized by the Board on January 28, 2022

Approved on behalf of the Board:

"Dorian Banks" — Director

"*Frank Vlastelic*" — Director

COVER TECHNOLOGIES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	September 30, 2021	September 30, 2020
		$	$
Expenses			
Management fees	9	111,000	154,000
Office and administration		43,552	21,058
Professional and consulting fees	9	1,137,830	234,394
Investor communication		980,502	(19,252)
Research expense, net	7, 9	6,000	124,457
Travel		-	7,422
Transfer agent and filing fees		62,249	26,895
Share-based compensation	10	1,676,936	-
Loss from operating expenses		(4,018,069)	(548,974)
Other Items			
Flurbo acquisition cost	15	(4,490,300)	-
Impairment of intangible asset	4	-	(25,000)
Impairment of receivable	5	-	(17,750)
Interest expense	7, 8, 11	(32,616)	(36,744)
Write-off of deposit	15	(75,000)	-
Loss on debt settlement	8	(7,000)	-
Gain on contract cancellation	3	-	50,474
Other income	14	-	104,613
Loss for the year		(8,622,985)	(473,381)
Other Comprehensive Income			
Foreign currency translation adjustment		1,287	35
Comprehensive loss for the year		(8,621,698)	(473,346)
Weighted average number of common shares outstanding – basic and diluted		2,142,923	393,164
Basic and diluted loss per share		(4.02)	(1.20)

The accompanying notes are an integral part of these financial statements.

COVER TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	September 30, 2021	September 30, 2020
	$	$
Operating activities		
Net loss for the year	(8,622,985)	(473,381)
Adjustments for:		
Accrued interest on notes payable	6,525	5,842
Accrued interest on convertible debentures	7,633	11,030
Accrued interest on government grant	19,552	19,606
Flurbo acquisition cost	4,490,300	-
Impairment of interest	(7,993)	-
Impairment of intangible asset	-	25,000
Impairment of receivable	-	17,750
Loss on debt settlement	7,000	-
Write-off of deposit	75,000	-
Share-based compensation	1,676,936	-
Non-cash working capital items		
Trade and other receivable	(90,536)	19,806
Prepaids	(690,649)	(43,920)
Accounts payable and accrued liabilities	(33,954)	(14,655)
Due to related parties	28,806	172,541
	(3,134,365)	(260,381)
Investing activities		
Prepaids	(25,000)	-
Purchase of intangible asset	-	(25,000)
	(25,000)	(25,000)
Financing activities		
Proceeds from notes payable	26,000	215,000
Proceeds from private placement, net	4,505,808	-
Proceeds from warrant exercise	43,260	-
Proceeds from sale of assets classified as held for sale	-	40,000
Repayment of convertible debenture	(100,000)	-
	4,475,068	255,000
Effect of foreign currency on cash	1,214	35
Change in cash during the year	1,315,703	(30,381)
Cash, beginning of the year	12,401	42,747
Cash, end of the year	1,329,318	12,401

Non-cash financing and investing activities		
Expiry of stock options to deficit	$ 236,237	$ 4,394,983
Expiry of warrants to deficit	$ -	$ 1,181,804
Shares issued for debt	$ 448,000	$ -
Related party shares issued for debt	$ 137,910	$ -
Finders' fee shares	$ 528,194	$ -
Reclassification from subscriptions received in advance to due to related party	$ -	$ 100,000
Reclassification from due to related party to notes payable	$ -	$ 293,294
Fair value of finders' warrants	$ 456,760	$ -

COVER TECHNOLOGIES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

		Share Capital		Reserves					
	Note	Number of common shares	Amount	Warrant	Loan	Option	Translation gain (loss)	Deficit	Total
			$	$	$	$	$	$	$
September 30, 2019		393,073	9,063,200	1,181,804	2,664,963	4,631,220	17,752	(18,789,676)	(1,230,737)
Foreign exchange adjustment		-	-	-	-	-	35	-	35
Cancellation or expiry of stock options		-	-	-	-	(4,394,983)	-	4,394,983	-
Cancellation or expiry of warrants		-	-	(1,181,804)	-	-	-	1,181,804	-
Loss		-	-	-	-	-	-	(473,381)	(473,381)
September 30, 2020		393,073	9,063,200	-	2,664,963	236,237	17,787	(13,686,270)	(1,704,083)
Shares for debt	8,9,10	201,669	592,910	-	-	-	-	-	592,910
Private placement, net	10	2,587,601	4,799,850	-	-	-	-	-	4,799,850
Finders' fee	10	75,456	(750,802)	456,760	-	-	-	-	(294,042)
Flurbo acquisition	10,15	801,839	4,490,300	-	-	-	-	-	4,490,300
Warrant exercise	10	6,429	33,750	-	-	-	-	-	33,750
Finders' warrant exercise	10	1,811	20,255	(10,745)	-	-	-	-	9,510
Cancellation or expiry of stock options		-	-	-	-	(236,237)	-	236,237	-
Share-based compensation	10	-	-	-	-	1,676,936	-	-	1,676,936
Foreign exchange adjustment		-	-	-	-	-	1,287	-	1,287
Loss		-	-	-	-	-		(8,622,985)	(8,622,985)
September 30, 2021		4,067,878	18,249,463	446,015	2,664,963	1,676,936	19,074	(22,073,018)	983,433

1. Nature of Operations and Going Concern

Cover Technologies Inc. ("Cover" or the "Company") was incorporated on June 18, 2007 in British Columbia, Canada. The Company's head office is located at Suite 600 – 777 Hornby Street, Vancouver, V6Z 1S4. The Company's shares are traded on the Canadian Securities Exchange ("CSE"), Frankfurt stock exchange and the OTC Bulletin Board ("OTCBB"). The Company's principal business is a technology research and development company focused on magnesium processing technologies and emerging technologies and solutions.

Going Concern

The company incurred a net loss of $8,622,985 for the year ended September 30, 2021. As at September 30, 2021, the Company had a history of losses and an accumulated deficit of $22,073,018. Total cash used in operations for the year ended September 30, 2021 amounted to $3,134,365.

These consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial entities or other business and financial transactions which would assure continuation of the Company's operations and technology programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19), which include the implementation of travel bans, self-imposed quarantine periods and social distancing. COVID-19 has caused material disruption to businesses globally resulting in an economic slowdown. These measures may adversely affect and harm the Company by potentially limiting access to our technologies and preventing the Company from meeting its obligations. Additionally, these measures could affect the ability to complete due diligence on potential transactions by limiting in person meetings and restricting travel. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. It is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

2. SIGNIGICANT 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 issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

These consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances and transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

The subsidiaries of the Company as of September 30, 2021 are as follows:

		Ownership Percentage	
Name	**Incorporation**	**2021**	**2020**
Mag One Operations Inc. (“MOOI”)	Canada	100%	100%
Mag One Operations Inc. (Mag One USA)	USA	100%	100%
North American Magnesium Products LLC (“NAMP LLC”)	USA	100%	100%

Functional currency and foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company’s functional and presentation currency. The functional currency of the Company’s US subsidiaries, Mag One USA and NAMP LLC, is the US dollar. The functional currency of MOOI is the Canadian dollar.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation of the foreign operations are recorded to the Company’s other comprehensive income (loss). These differences are recognized in the profit and loss in the period which the operation is disposed of.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. T. Many are not applicable or do not have a significant impact to the Company and have been excluded

Significant estimates, assumptions and judgements

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The information about significant areas of estimates considered by management in preparing the consolidated financial statements is as follows:

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in the consolidated statement of loss and comprehensive loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Share-based payments

Determining the fair value of shares, warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company’s future operating results or on other components of shareholders’ equity.

The information about significant areas of judgment considered by management in preparing the consolidated financial statements is as follows:

i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
ii. assessing control and significant influence over an investee;
iii. the determination of functional currency;
iv. The assessment of the Company’s ability to continue as a going concern, as discussed in Note 1, involves judgement regarding future funding available for its operations and working capital requirements.
v. The determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated assets is subject to estimation and uncertainty.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Cash

Cash is comprised of cash on hand and demand deposits.

Research and development

The Company is in the research phase of an internal project and is of the opinion that the research activities have not yet yielded any asset that could generate probable future economic benefits. Consequently, the Company recognizes spending towards research as an expense when it is incurred.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the costs incurred by the Company. Where retention of a government grant is dependent on the Company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of loss and comprehensive loss.

Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares issued and outstanding during the period. Diluted earnings represents the profit or loss for the period, divided by the weighted average number of common shares issued and outstanding during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options, warrants and other similar instruments where the inclusion of these items would not be anti-dilutive. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted loss per share is anti-dilutive and accordingly, the diluted loss per share would be the same as basic loss per share.

Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is greater than an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Related party transactions

Parties are considered to be related if one party has control or joint control over the Company, has significant influence over the Company or is a member of key management personnel of the Company. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Proceeds from issuances of units of the Company that are comprised of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the fair market value of the shares.

Share-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

<u>Financial assets at FVTPL</u>
Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise. None of the Company's financial assets are classified as FVTPL.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVTOCI
Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company's financial assets are classified as FVTOCI.

Financial assets at amortized cost
Financial assets at amortized cost are initially recognized at fair value (including transaction costs) and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost comprise cash and other receivables.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in the consolidated statements of loss and comprehensive loss.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

	Classification	
Financial Assets	**September 30, 2021**	**September 30, 2020**
Cash	Amortized cost	Amortized cost
Other receivable	Amortized cost	Amortized cost

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A financial liability is defined as any contractual obligation to deliver cash or another financial asset to another entity. The Company classified its financial liabilities as subsequently measured at amortized cost which include accounts payable and accrued liabilities, due to related parties, notes payable, advance from Investissement Québec, and proceeds from convertible debt. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

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

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities at amortized cost
Financial liabilities at amortized cost are initially recognized at fair value (including transaction costs) and subsequently carried at amortized cost less any impairment. They are classified as current liabilities or non-current liabilities based on their maturity date.

	Classification	
Financial Liabilities	**September 30, 2021**	**September 30, 2020**
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Advance from Investissement Québec	Amortized cost	Amortized cost
Proceeds from convertible debenture	Amortized cost	Amortized cost

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Impairment of financial assets

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

Externally acquired intangible assets

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives.

Income taxes

Current income tax:
Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax:
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. DEFINITIVE AGREEMENT DEPOSIT

On January 6, 2020 the Company and its subsidiary, MOOI, entered into a definitive earn-in and operating agreement (the “BLR Agreement”) with Blue Lagoon Resources Inc. (”BLR”). Pursuant to the BLR Agreement, BLR may acquire up to a 70% equity interest in the Company by purchasing up to $5.25 million of shares of the Company.

BLR may acquire an additional 20% interest in the Company, subject to the Company obtaining shareholder approval, by making an additional payment of $1.5 million within 24 months of the closing date. Closing of the transaction is subject to various conditions, including completion of due diligence investigations, receipt of all necessary corporate and regulatory approvals, and compliance with stock exchange requirements.

During the year ended September 30, 2020, the Company received a deposit of $50,474 from BLR. On April 15, 2020, the Company and BLR signed a mutual termination and release agreement (“MTRA”) to terminate the BLR Agreement between the parties. A term of the MTRA specifies that the Company has no obligations to BLR. The Company recognized a gain on contract cancellation of $50,474.

4. INTANGIBLE ASSETS

Magnesium Technology

During the year ended September 30, 2017, the Company entered into a purchase agreement (“SPA”) with Dundee Sustainable Technologies Inc. (“DST”) to purchase a Technical Report titled “Resource Estimation of the Nickel Content in Asbestos Mines Tailings (the “Tailings”), Thetford Mines, Quebec, Canada” prepared by Systémes Geostat International (the “Technical Report”). The Company paid $5,000 and issued 5,714 common shares with a value of $9,000 pursuant to the SPA. The Company was to pay $20,000 and issue common shares of the Company with a value of $30,000 at the prevailing 20-day volume weighted average price upon the commencement of commercial production of product(s) by processing the Tailings on or before May 19, 2019. If the Company did not commence commercial production of product(s) by processing the Tailings on or before May 19, 2019, the Company was required to sell back the Technical Report for consideration of $1.00 to DST.

4. INTANGIBLE ASSETS (continued)

During the year ended September 30, 2020, the Company and its subsidiary, MOOI, sold back the Technical Report for $1.00 to DST and entered into a new agreement with DST to re-purchase the Technical Report. Pursuant to the new agreement, the Company must pay $5,000 (not paid) or enter into a contract with a minimum value of $75,000 with DST for piloting the Company's magnesium oxide production technology at DST's facility on or before May 29, 2020. Subsequent to the year ended September 30, 2020, DST exercised its option to re-purchase the Technical Report for $1.00.

In connection with the SPA, during the year ended September 30, 2017, the Company entered into an option agreement ("OA") with Asbestos Corp. Ltd. ("ACL"). Under the OA, the Company had an option to purchase up to 60 million tonnes of the Tailings (the "Option") on or before November 19, 2017. Pursuant to the OA, the Company paid $5,000 and issued 7,143 common shares of the Company with a value of $11,250. Upon exercise of the Option, the Company will be required to pay $100,000 and $1.00/tonne of Tailing used as a royalty, and would have access to a minimum of five acres of land for the necessary plant and equipment. The OA was extended until June 30, 2019.

During the year ended year ended September 30, 2020, the Company and its subsidiary, MOOI, entered into a new agreement with ACL whereby, the Company would have access to recover and process up to 60 million tonnes of Tailings located in Quebec up to March 1, 2020. The agreement will automatically be extended until March 1, 2022 if, prior to March 1, 2020, the Company provides ACL with notice in writing that it has completed a technical report on the Normandie Tailings pile in the form required pursuant to National Instrument 43-101. Pursuant to the agreement, the Company will pay ACL $1.00/tonne for the first 100,000 tonnes per year of Tailings taken by the Company, $1.50/tonne of Tailings above 100,000 tonnes per year and below 200,000 tonnes per year of Tailings. Payments will be due on or before March 31st for Tailings taken and processed in the preceding calendar year. Upon commencement of production, the Company will pay ACL a non-refundable deposit of $20,000 (not paid). The Company provided ACL with the completed technical report of Normandie Tailings; therefore, the agreement has been extended to March 1, 2022.

During the year ended September 30, 2020, the Company terminated an agreement dated July 12, 2018 between Mine Jeffrey Inc. ("Jeffrey") and Beausite Metal Inc. ("BMI") and entered into a processing agreement whereby Jeffrey and BMI have granted the Company and MOOI exclusive access to the Mine Jeffrey Serpentine Tailings project to recover up to 25 million tonnes of serpentine tailings and an option to acquire an additional 25 million tonnes for no additional consideration. The Company will have until November 30, 2024 to exercise the option to acquire the additional 25 million tonnes. The processing agreement acknowledged a $100,000 prepayment made during the year ended September 30, 2015 for the first 100,000 tonnes of tailings. The Company will pay $1.00/tonne of Tailings to be paid. Upon production being achieved, the per tonne rate will be subject to an annual increase on January 1st of each subsequent calendar year in accordance with the Consumer Price Index published by Statistics Canada.

4. INTANGIBLE ASSETS (continued)

Disinfectant and cleaning solution

During the year ended September 30, 2020, the Company signed a license and commercialization Agreement ("License Agreement") with Vera CLS Pty Ltd. ("Vera") whereby the Company will receive an exclusive license for the manufacturing, commercialization and distribution of all Vera's products ("Vera Products"). The Vera Products are an all natural, plant-based disinfectant and cleaning solutions. The Company's exclusivity encompasses the United States of America, including the District of Columbia and all territories and possessions of the United States of America, including Puerto Rico and the U.S. Virgin Islands, Canada and all of its provinces and territories, and the European Union ("the Territory").

The Agreement provides the Company with exclusive licensing and commercialization rights in this Territory to August 18, 2025 with 2 subsequent 5-year exclusive renewal terms.

The Company's obligations are a one-time payment of $100,000 and an ongoing royalty of gross sales for the five-year period of the agreement. The one-time payment will be paid out on the following schedule:

- $25,000 within 14 days from the signing of the agreement (paid);
- $25,000 within 14 days after the initial payment;
- $25,000 within 90 days of the last payment; and
- $25,000 within 90 days of the last payment.

There is no obligation to pay the total unpaid part of the one-time payment if the License Agreement is terminated prior to the due date for a particular unpaid payment related thereto. Year one of the agreement provides for a royalty of 8% of the gross sales. Years two to five of the agreement provide guaranteed royalties to Vera as follows:

- Year two – greater of $120,000 or 8% of gross sales;
- Year three – greater of $132,000 or 8%of gross sales;
- Year four – greater of $145,200 or 8% of gross sales; and
- Year five – greater of $159,720 or 8% of gross sales.

The royalty payments will be paid within 30 days at the end of each quarter and will not be due if the agreement is terminated before the respective due dates. As at September 30, 2020, the Company recognized an impairment of the intangible asset of $25,000.

In connection with the Licensing Agreement the Company signed a business development agreement with VEMO Biotech Limited (the "VEMO"). VEMO will be leading the management, marketing, operations, staffing, sales and channel development for the Vera Products. The term of the business development agreement is twenty-four months with automatic annual renewal unless otherwise stated in writing 30 days prior to anniversary date. The agreement specifies a monthly retainer of $10,000 as well as Gross Over-Ride Royalty (GORR) / commission on the sales of the Company's Vera Products to be determined shortly.

The execution of the contract and engagement is subject to (a) the completion of the Company's due diligence and signing of the Master Licensing / Distribution Agreement with Vera Products, and (b) the completion of regulatory approvals for the sale and distribution of Vera Products as an all natural, green product in its contracted territories. The VEMO agreement was terminated on October 1, 2020 with no amounts owing or accrued.

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Total
Cost:	$
September 30, 2019	77,000
Disposal	(77,000)
September 30, 2020	-
Accumulated Amortization:	
September 30, 2019	19,250
Disposal	(19,250)
September 30, 2020	-
Net book value:	
September 30, 2020 and September 30, 2021	-

During the year ended September 30, 2020, the Company completed the sale of its pilot plan equipment with Centre d'Innovation Minière de la MRC des Sources ("CIMMS"). In consideration of past efforts and the actual amount of equipment purchased, the Company agreed to sell the pilot plant equipment for $57,750 whereby $40,000 would be received as a cash payment and $17,750 would be credited towards future work at CIMMS for a minimum contract of $100,000. During the year ended September 30, 2020, the Company recognized an impairment in value of $17,750 against the future credit at CIMMS to reduce the carrying value to Nil.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	**September 30, 2020**
	$	$
Accounts payable (Note 9)	274,015	287,674
Accrued liabilities	80,348	84,074
	354,363	371,748

7. GOVERNMENT GRANTS

National Research Council Canada ("NRC")

On January 31, 2019, the Company entered into a contribution agreement with NRC whereby NRC will pay the Company 50% of the eligible expenditures incurred by the Company for its feasibility project related to magnesium production up to a maximum of $98,400, with a maximum claim amount of $30,000 for the period from April 1, 2018 to March 31, 2019 and $68,400 for the period from April 1, 2019 – March 31, 2020. The funds received for this grant represent compensation for costs already incurred, and as such have been recognized in profit or loss on a systematic basis based on the related expenses. During the year ended September 30, 2021, the Company incurred a total of $Nil (2020 - $90,237) of eligible expenditures related to the project. A total of $Nil (2020 - $32,400) has been recognized into profit or loss as an offset to research expense.

Government of Canada via Natural Resources Canada - Clean Growth Program (the "CGP")

On April 20, 2020 the Company entered into a contribution agreement whereby CGP will pay the Company 50% of eligible expenditures incurred by the Company for its front-end engineering design study for a high purity magnesium oxide demonstration plant using serpentinite tailings, up to a maximum claim amount of $1,666,500. Pursuant to the agreement, the CGP will withhold 10% from each payment until the Company has completed the project to the satisfaction of the Minister and has submitted all reports. The funds received for this grant represent compensation for costs already incurred, and as such have been recognized in profit or loss on a systematic basis based on the related expenses.

7. GOVERNMENT GRANTS (continued)

Government of Canada via Natural Resources Canada - Clean Growth Program (the "CGP") (continued)

During the year ended September 30, 2021, the Company incurred a total of Nil (2020 - $31,482) of eligible expenditures related to this project. A total of $Nil (2020 - $12,246) has been recognized into profit or loss as an offset to research expense, of which $Nil (2020 - $1,225) was recorded in other receivables. During the year ended September 30, 2021, the Company provided notification to the Minister of not proceeding; therefore the Minister released $1,225, representing the 10% holdback.

Investissement Québec ("IQ")

The Company entered into an agreement with IQ on November 11, 2016, whereby IQ had agreed to provide a non-refundable contribution of $495,000 (the "Grant") to the Company (The "Agreement"). The conditions governing the Grant were as follows:

a) The Company would have to incur expenditures of $627,750 on the development of the Pilot Plant for processing of Magnesium (the "Project");
b) The Company was to complete the Project by March 31, 2017 (the "Project Completion Date");
c) The Company must establish itself within the MRC des Sources region for a minimum period of 2 years from the date of receipt of the last payment from IQ;
d) The Company was to carry out and maintain its operations related to the Project, including significant development or improvement work on the design, development activities of the product/process, and not move this work outside the municipality of the MRC des Sources, for a period of 36 months from the date of receipt of the last payment from IQ;
e) IQ reserved its rights to call back the entire grant up until the Project is completed in the event of the following:
    - The Project not being completed by the Project Completion Date;
    - The Company abandoning the Project; - The Company divests of the Project or commits any act that leads to insolvency or bankruptcy or creditor protection;
    - The Company defaults under any loans, if any;
    - The Company makes material changes to the disbursement plans for the Company without consent of IQ; - Commit a fraud or false statement; and
    - Default in any other provision of the Agreement.

As at September 30, 2021 the Company has met all the requirements noted above except for Point (c). The Company was granted an extension to February 28, 2018 to complete the Project and received the last installment of the Grant on February 14, 2018. IQ has therefore accepted that the Project has been completed including the compliance of points (a), (b) and (e) above.

According to the Agreement, as per Point (c) above, the Company was required to operate out of the municipality of MRC des Sources for a period of at least 2 years following the last installment from IQ. However, the Company has yet to set up an establishment in MRC des Sources. In this regard, the Company received a notice on October 5, 2018, from IQ informing the Company on its failure to establish a place of business in MRC des Sources. Due to the default in meeting the Agreement requirements, the grants have been reflected as a demand liability incurring interest at prime rate per annum. During the year ended September 30, 2021, the Company accrued $19,552 (2020 - $19,606) in interest on the Grant from the date of notice of default.

(Expressed in Canadian Dollars)

8. NOTES PAYABLE

During the year ended September 30, 2021, the Company received unsecured loan proceeds of $26,000 (September 30, 2020 - $215,000) from arms-length parties. During the year ended September 30, 2021, the Company issued 55,101 commons shares in settlement of notes payable amounting to $155,000 and reduced the interest owing by $7,993 to arms-length parties (Note 10). The Company recognized $7,000 loss on the settlement.

Principal $	Interest Rate %	Due Date	Principal and interest owing as at September 30, 2021 $	Principal and interest owing as at September 30, 2020 $
1,000	8	On demand	1,000	-
5,000	8	November 18, 2020	5,000	5,347
50,000	8	November 22, 2020	50,000	53,430
30,000	8	January 30, 2021	33,304	30,905
20,000	5	February 18, 2021	-	20,591
10,000	5	February 18, 2021	-	10,308
50,000	5	September 7, 2021	-	50,151
75,000	5	September 14, 2021	-	50,110
250,000			89,304	220,842

During the year ended September 30, 2020, a former director and former chairman, and a family member assigned amounts outstanding of $293,294 to an arms-length party (Note 9). During the year ended September 30, 2021 the Company issued 99,660 commons shares in settlement of notes payable amounting to $293,000(Note 10).

In addition to the above, as at September 30, 2021, the Company had arms-length notes outstanding of $57,941 (September 30, 2020 - $296,014). These loans are unsecured, non-interest bearing and due on demand.

9. RELATED PARTY TRANSACTIONS

<u>Compensation paid to key management and directors</u>

The following are the remuneration of the Company's related parties:

	September 30, 2021	September 30, 2020
	$	$
Former Executive Director, CEO and interim CFO	7,500	-
Former Executive Director and CEO	135,000	70,000
Non-executive Director for consulting fees	36,000	18,000
Company controlled by the President of MOOI for consulting fees and research expenses	-	164,000
A company controlled by a non-executive Director for consulting fees	-	5,000
A company controlled by a former CFO for professional fees	-	7,500
Share-based compensation	2,306	-
	180,816	264,500

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (continued)

<u>Due to related parties</u>

	September 30, 2021	**September 30, 2020**
	$	$
Former Executive Director and CEO	34,806	70,000
Company related to a former Executive Director and CEO	10,000	6,000
Non-executive Directors	36,000	36,840
Company controlled by the President of MOOI	-	76,000
	80,806	188,840

Included in accounts payable and accrued liabilities as at September 30, 2021 is $4,725 (2020 - $4,725) owing to a company controlled by the former CFO (Note 6).

Except for the notes payable to related parties below, all amounts owing to related parties do not bear any interest, are unsecured and due on demand.

During the year ended September 30, 2020, a former director and former chairman, and a family member assigned the collective amounts outstanding of $293,294 to an arms-length party (Note 8).

During the year ended September 30, 2020, the Company entered into a loan agreement with a director of the Company whereby the director agreed to lend $16,000. The loan is unsecured, due on January 29, 2021 and bears interest at 8% per annum. During the year ended September 30, 2021, the Company issued 6,772 common shares in settlement of the loan agreement amounting to $19,910(Note 10). As of September 30, 2021, the Company had a balance payable including principal and interest of $Nil (September 30, 2020 - $18,840).

During the year ended September 30, 2021, the Company issued 40,136 common shares to settle $118,000 debt with a director and a former director of the Company(Note 10).

10.SHARE CAPITAL

(a) Authorized

Unlimited number of Class A shares without par value.
Unlimited number of non-voting Class B preferred without par value.

Subsequent to the year ended September 30, 2021, the Company consolidated the issued share capital on the basis of 7 old common shares for one (1) new common share (the “Consolidation”). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

During the year ended September 30, 2021, the Company consolidated the issued share capital on the basis of 20 old common shares for one (1) new common share (the “Consolidation”). Outstanding stock options were adjusted by the Consolidation ratio. All common shares and per common share amounts in these condensed interim consolidated financial statements have been retroactively restated to reflect the share consolidation.

10.SHARE CAPITAL (continued)

(b) Common Shares - issued and outstanding

Transaction for the issue of share capital during the year ended September 30, 2021:

1. A total of 201,669 common shares were issued with a fair value of $2.94 per share to settle $585,910 debt owing (Note 8 and 9).

2. The Company completed a non-brokered private placement of 2,587,601 units (the "Units") at a price of $1.855 per Unit for net proceeds of $4,799,850. Each Unit consists of one common share (a "Share") in the capital of the Company and one share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional Share at a price of $5.25 until February 26, 2023, subject to an acceleration provision whereby if the Shares trade at a price of $5.00 or greater per Share for a period of 10 consecutive trading days after four months and one day from the closing of the private placement, the Company may accelerate the expiry of the Warrants by giving notice to the holders thereof, and, in such case, the Warrants will expire on the 30th day after the Company issues such notice. Finder's fees were paid in connection with the private placement to arm's length finders that consisted of cash commission in the total amount of $294,042. In addition, an aggregate of 75,456 Shares and 86,057 broker warrants (the "Broker Warrants") have been issued to finders. The terms of the Broker Warrants are identical to the terms of the Warrants. The fair value of the Broker Warrants was determined to be $456,760 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants – 2 years; expected volatility – 152.33%; expected dividend yield – 0%; and risk-free rate – 0.30%.

3. The Company issue 6,429 common shares for gross proceeds of $33,750 for warrants exercised

4. The Company issued 1,811 common shares for gross proceeds of $9,510 for finders' warrants exercised. Accordingly, $10,745 was transferred from reserves to share capital.

5. The Company issued a total of 785,714 common shares with a fair value of $5.60 per share for consideration of $4,400,000 to Nifty Technologies Inc. ("Nifty") and an arm's length finder for the acquisition of Flurbo. Pursuant to the acquisition, the Company also issued a total of 16,125 finder's shares with a fair value of $5.60 per share (Note 15).

No capital activity was initiated during the year ended September 30, 2020.

(c) Stock Options

The Company has an incentive stock option plan under which it is authorized to grant options to executive officer, directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common shares of the Company. The exercise price is subject to a minimum $0.10 per option. The minimum exercise price of an option granted shall not be less than the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum of five (5) years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors in accordance with the rules and policies of the regulatory authorities.

(Expressed in Canadian Dollars)

10.SHARE CAPITAL (continued)

(c) Stock Options (continued)

Stock options issued and outstanding at September 30, 2021 are as follows:

	September 30, 2021			September 30, 2020		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of year	22,143	$	14.00	30,000	$	14.00
Granted	404,286	$	5.01	-	$	-
Expired	(22,143)	$	14.00	(7,857)	$	14.00
Balance, end of year	404,286	$	5.01	22,143	$	14.00

Expiry Date	**Number of Options Outstanding**	**Number of Options Vested**	**Number of Options Unvested**		**Exercise Price**	**Weighted Average Remaining Life**
September 24, 2024	21,429	-	21,429	$	4.55	2.99
September 29, 2026	382,857	365,000	17,857	$	5.04	5.00

On September 24, 2021, the Company granted a total of 21,429 stock options to certain officers, directors and/or consultants of the Company exercisable at $4.55 for a period of 3 years. The fair value of the stock options was determined to be $79,043 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of options – 3 years; expected volatility – 150.57%; expected dividend yield – 0%; and risk-free rate – 1.03%. Half of the options will be vested on March 24, 2022 and the remaining options will be vested on September 24, 2022. As at September 30, 2021, 21,429 stock options remain outstanding. During the year ended September 30, 2021, $1,960 share-based payment was recorded.

On September 29, 2021, the Company granted a total of 382,857 stock options to certain officers, directors and/or consultants of the Company exercisable at $5.04 for a period of 5 years. The fair value of the stock options was determined to be $1,756,559 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of options – 5 years; expected volatility – 150.61%; expected dividend yield – 0%; and risk-free rate – 1.11%. 365,000 options were vested immediately. 8,929 options will be vested on March 29, 2022 and 8,928 options will be vested on September 29, 2022. As at September 30, 2021, 382,857 stock options remain outstanding. During the year ended September 30, 2021, $1,674,976 share-based payment was recorded.

(Expressed in Canadian Dollars)

10.SHARE CAPITAL (continued)

(d) Warrants

Details of warrants outstanding at September 30, 2021 are as follows:

	September 30, 2021			September 30, 2020		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of year	-	$	-	733,028	$	44.80
Granted	2,673,658	$	5.25	-	$	-
Expired	-	$	-	(733,028)	$	44.80
Exercised	(8,240)	$	5.25			
Cancelled	-	$	-	-	$	-
Balance, end of year	2,665,418	$	5.25	-	$	-

Expiry Date	**Number of Options Outstanding**	**Exercise Price**	**Weighted Average Remaining Life**
February 26, 2023	2,665,418	$ 5.25	1.41

11.CONVERTIBLE DEBENTURES

During the year ended September 30, 2018, the Company received proceeds from a non-brokered private placement offering of convertible debentures (each a "Convertible Debenture") of the Company totaling $150,000. The term of each Convertible Debenture matures 3 years from the date of issuance, carries an interest rate of 6% per annum, (interest paid upfront in advance) and is convertible to common shares of the Company at a conversion price of $10.00 per common share, (or at 10% below the market price, whichever is less, subject to exchange approval). The Convertible Debentures will be issued subject to regulatory approval.

During the year ended September 30, 2021, the Company repaid $100,000 plus interest totalling $116,569 of the Convertible Debenture. During the year ended September 30, 2021, the Company accrued $7,633 (2020 – $11,030) of interest related to the Convertible Debentures.

	September 30, 2021 $	September 30, 2020 $
Balance, beginning of year	166,529	155,499
Interest accruals	7,633	11,030
Repayment of principal	(100,000)	-
Repayment of interest	(16,569)	-
Balance, end of year	57,593	166,529

12.FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments consist of cash, accounts payable, due to related parties, notes payable, advance from Investissement Québec and proceeds from convertible debentures.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of the Company's cash is classified as a Level 1 fair value measurement. The Company does not have any Level 2 or 3 fair value measurements.

As at September 30, 2021, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash which is held in bank accounts. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is low and is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consists primarily of refundable government goods and services taxes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term research and administrative expenditures by raising additional funds through share issuance when required. All the Company's financial liabilities have contractual maturities of less than a year or due on demand and are subject to normal trade terms. Working capital deficiency poses a liquidity risk unless the Company can monetize its intangible assets or acquire further equity or debt funding. The Company is exploring all opportunities for monetization of its assets and in acquiring further funding.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its intangible assets and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

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

The Company does not currently have adequate sources of capital to complete its current obligations and ultimately the development of its business, and will need to raise capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near term to meet its obligations. The Company is primarily dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the markets and by the status of the Company's intangible asset progress in relation to these markets, and its ability to compete for investor support of its technical capability.

14. OTHER INCOME

On October 23, 2019, the Company was repaid $94,613 (US$71,100) pursuant to an agreement signed with Mag Board LLC in July 2016 whereby the Company entered into a Convertible Debenture ("CD") and loaned Mag Board LLC US$150,000 (the loan receivable had been considered impaired).

During the year ended September 30, 2021, the Company received $Nil (2020 - $10,000) for contract consulting work.

15. COMMITMENTS

(a) During the year ended September 30, 2021, the Company entered into an agreement to purchase the technology known as Flurbo, for decentralized finance ("DeFi") applications ("Flurbo") from Nifty, an arm's length party. Pursuant to the terms of the agreement, the Company issued 785,714 commons shares with a fair value of $4,400,000. In the event that after twelve (12) months from closing, Flurbo achieves a positive EBITDA within twenty-four (24) months from closing of the transaction, Cover will issue an additional number of shares equal to $3,500,000 at the time of such achievement (the "Performance Shares"). A finders' fees was paid in connection with the acquisition of Flurbo to arm's length finder consisted of an aggregate of 16,125 common shares with a fair value of $90,300. Nifty was in the early stage of developing solutions that facilitate tracking, trading, transacting, and borrowing against digital assets, all in a secured and transparent manner. At the time of acquisition, no fair value was attributed to the Flurbo technology. As such, the consideration paid and related acquisition costs in the amount of $4,490,300 were expensed as stock based compensation in the consolidated Statement of Loss and Comprehensive Loss.

(b) On January 3, 2019, the Company entered into a technology IP acquisition agreement, as amended (the "IP Agreement") with 8200475 Canada Inc. ("Tech Magnesium"), granting the Company an exclusive license to use and an option to acquire a 100% ownership of the aluminothermic and silicothermic technology (the "Tech Mag Technology"), and agreeing to collaborate to finalize the development and commercialization of the Tech Mag Technology (the "Collaboration"). The option is exercisable on or before January 3, 2024. Specific acquisition payments could be triggered upon exercising of the option to acquire the Tech Mag Technology. During the Collaboration, the President of Tech Magnesium will provide services to MOOI to further de-risk the magnesium metal processing technology. The significant terms of the IP Agreement are as follows:

- The Company must finance phase 1 which includes a lab-scale proof-of concept testing with thermodynamic modelling of the Tech Magnesium Technology on or before February 3, 2020 in order to retain the exclusive license option for this technology.

- The Company must finance phase 2 which includes design, construction and operation of a small-scale pilot test facility of the Tech Magnesium technology on or before January 29, 2023 in order to retain the exclusive license option for this technology.

- The Company must finance phase 3 which includes design, construction and operation of the first magnesium metal commercial module with a minimum of 5,000 tpa production capacity using Tech Mag Technology on or before January 3, 2024 in order to retain the exclusive license option for this technology.

During the year ended September 30, 2020, the Company provided confirmation that phase 1 has been completed and the intention to proceed with phase 2. The Company is presently pursuing the development of a technology which constitutes expenses towards research and development. While it is the intention of the Company to develop an intangible asset, the intangible asset shall be created only after the completion of the technical pre-feasibility study. At this point in time it is not known how the intended intangible asset shall be in a position to generate probable future economic benefits. The development of the intangible asset shall depend upon the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. The Company is yet to exercise the Option.

(c) On August 21, 2020, the Company entered into an agreement with COVEX Solutions Inc. (“COVEX”) whereby Cover and COVEX would negotiate a 50/50 joint venture agreement. Pursuant the agreement, Cover will pay $1,200,000 ($75,000 paid) to earn 50% equity ownership of COVEX. During the year ended September 30, 2021, the Company terminated negotiations with COVEX and all costs were written-off to operations.

(Expressed in Canadian Dollars)

15. COMMITMENTS (continued)

(d) The Company entered into an agreement with Bello Holdings Inc. d.b.a Bello Capital Partners ("Bello"), an arm's length party to the Company, to provide a digital marketing campaign comprised of the following (collectively, the "Services") for a period of three (3) months. The Company has paid Bello US $350,000 (plus GST) for the Services, which shall commence on the date of payment.

16.PREPAIDS

	September 30, 2021 $	September 30, 2020 $
Consulting prepayments	636,700	-
Management fees prepayments	12,000	-
Rent prepayments	12,500	-
Other prepayments to vendors	29,449	-
	690,649	-

Consulting prepayments
Consulting prepayments pertain to prepaid amounts for capital market, digital marketing and business development consulting services.

Management fees prepayments
Management fees prepayment pertains to prepaid amounts to a company controlled by the President of MOOI for consulting fees.

Rent prepayments
Rent prepayments pertains to prepaid amounts for rental of short term leased property.

Other prepayments
Other prepayments include various advance payments to suppliers for purchases and services which were delivered or rendered after the end of the reporting period.

17.SEGMENTED INFORMATION

The Company operates in one business segment being the emerging technologies and solutions company with all the assets located in Canada.

18.INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2021 $	September 30, 2020 $
Net loss for the year	(8,622,985)	(473,381)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(2,328,206)	(127,813)
Non-deductible items and other	1,588,099	-
Adjustment to prior year provision	(13,197)	(1,079)
Temporary differences not recognized	753,304	128,892
Income tax recovery	-	-

(Expressed in Canadian Dollars)

18. INCOME TAXES (continued)

The Company has the following tax effected deduction temporary differences for which no deferred tax asset has been recognized:

	September 30, 2021 $	September 30, 2020 $
Non-capital loss carry-forwards	2,537,756	1,866,921
Exploration and evaluation assets	75,319	105,658
Share issuance cost	63,546	-
Capital assets	49,262	-
	2,725,883	1,972,579
Unrecognized deferred tax assets	(2,725,883)	(1,972,579)
Net deferred tax assets	-	-

The Company has non-capital losses in Canada totaling approximately $8,900,000 that expire between 2032 and 2041. The Company also has non-capital losses available in the United States of America totaling approximately $509,000 that expire in various amounts until 2041.