COVER TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2022 AND 2021

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements of Cover Technologies (the "Company") as at March 31, 2022 and for the six months then ended, have been prepared by the management of the Company and approved by the Company's Audit Committee.

Under National Instrument 51-102, Part 4, subsection 4.2(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by CPA Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

COVER TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2022	September 30, 2021 (Audited)
		$	$
ASSETS			
Cash		750,822	1,329,318
Sales tax receivable		112,973	101,916
Prepaids	14	123,577	690,649
TOTAL ASSETS		987,372	2,121,883
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable and accrued liabilities	5	421,284	354,363
Due to related parties	8	98,806	80,806
Notes payable	7	2,940	92,245
Advance from Investissement Québec	6	563,193	553,443
Proceeds from convertible debenture	10	-	57,593
		1,086,223	1,138,450
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	18,620,088	18,249,463
Reserves	9	4,926,379	4,806,988
Deficit		(23,645,318)	(22,073,018)
		(98,851)	983,433
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		987,372	2,121,883

Nature of operations and going concern	1
Commitments	13

Approved and authorized by the Board on May 26, 2022

Approved on behalf of the Board:

"Frank Vlastelic"
Director

"*Dorian Banks*"
Director

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

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

		Three months ended		Six months ended	
	Note	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
				$	$
Expenses					
Management fees	8	15,000	-	42,000	77,000
Office and administration		1,010	6,048	13,930	11,400
Professional and consulting fees	8	259,481	635,356	493,770	667,482
Marketing expense		309,366	689,686	796,701	689,686
Research expense, net		-	-	50,000	-
Share-based compensation	9	57,428	-	119,360	-
Transfer agent and filing fees		16,823	6,165	35,251	15,809
Loss from operating expenses		(659,108)	(1,337,255)	(1,551,012)	(1,461,377)
Other items					
Interest expense	6, 7, 10	(14,904)	(6,777)	(21,288)	(19,209)
Loss for the period		(674,012)	(1,344,032)	(1,572,300)	(1,480,586)
Other comprehensive income					
Foreign currency translation adjustment		316	542	31	1,513
Comprehensive loss for the period		(673,696)	(1,343,490)	(1,572,269)	(1,479,073)
Weighted average number of common shares outstanding – basic and diluted		4,762,295	1,504,027	4,067,878	954,699
Basic and diluted loss per share		(0.14)	(0.89)	(0.39)	(1.55)

COVER TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Six months ended March 31, 2022	Six months ended March 31, 2021
	$	$
Operating activities		
Net loss for the period	(1,572,300)	(1,480,586)
Adjustments for:		
Accrued interest on notes payable	11,538	(2,670)
Accrued interest on convertible debentures	-	5,231
Accrued interest on government grant	9,750	9,749
Share-based compensation	119,360	-
Shares for debt	-	7,000
Non-cash working capital items		
Trade and other receivable	(11,057)	(48,044)
Prepaids	567,072	(25,000)
Accounts payable and accrued liabilities	66,921	105,925
Due to related parties	18,000	113,188
	(790,716)	(1,315,207)
Financing activities		
Proceeds from private placement, net	370,625	4,505,958
Proceeds from notes payable	-	25,000
Repayment of notes payable	(100,843)	-
Repayment of convertible debenture	(57,593)	-
	212,189	4,530,958
Effect of foreign currency on cash	31	1,428
Change in cash during the period	(578,527)	3,215,751
Cash, beginning of the period	1,329,318	12,401
Cash, end of the period	750,822	3,229,580
Non-cash financing activities		
Shares issued for debt	$ -	$ 448,000
Related party shares issued for debt	$ -	$ 137,910
Fair value of broker warrants	$ -	$ 510,478

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

COVER TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the six months ended March 31, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Share Capital		**Reserves**					
	Number of common shares	**Amount**	**Warrant**	**Loan**	**Option**	**Translation gain (loss)**	**Deficit**	**Total**
		$	$	$	$	$	$	$
September 30, 2020	393,164	9,063,200	-	2,664,963	236,237	17,787	(13,686,270)	(1,704,083)
Shares for debt	201,669	592,910	-	-	-	-	-	592,910
Private placement	2,587,601	4,800,000	-	-	-	-	-	4,800,000
Finders' fee	75,447	(804,520)	510,478	-	-	-	-	(294,042)
Foreign exchange adjustment	-	-	-	-	-	1,513	-	1,513
Loss	-	-	-	-	-	-	(1,480,586)	(1,480,586)
March 31, 2021	3,257,881	13,651,590	510,478	2,664,963	236,237	19,300	(15,166,856)	1,915,712

September 30, 2021	4,067,878	18,249,463	446,015	2,664,963	1,676,936	19,074	(22,073,018)	983,433
Private placement	1,453,431	370,625	-	-	-	-	-	370,625
Foreign exchange adjustment	-	-	-	-	-	31	-	31
Share-based compensation	-	-	-	-	119,360	-	-	119,360
Loss	-	-	-	-	-	-	(1,572,300)	(1,572,300)
March 31, 2022	5,521,309	18,620,088	446,015	2,664,963	1,796,296	19,105	(23,645,318)	(98,851)

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

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 $1,572,300 for the period ended March 31, 2022. As at March 31, 2022, the Company had a history of losses and an accumulated deficit of $23,645,318. Total cash used in operations for the period ended March 31, 2022 amounted to $790,716.

These condensed interim 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 condensed interim 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 and basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent 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").

These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended September 30, 2021.

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2021 audited consolidated financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified at fair value through profit or loss which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Basis of consolidation

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

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the condensed interim 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.

2. SIGNIGICANT ACCOUNTING POLICIES (continued)

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 into line with those used by the Company.

The subsidiaries of the Company as of March 31, 2022 are as follows:

		Ownership Percentage	
Name	**Incorporation**	**2022**	**2021**
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 condensed interim 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.

New accounting pronouncements

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

3. SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the condensed interim 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 condensed interim 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.

Information about critical judgments in applying accounting policies and sources of estimation uncertainty that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are the same as those that applied to the Company's 2021 annual financial statements.

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.

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. During the year ended September 30, 2021, 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

(Expressed in Canadian Dollars)

4. INTANGIBLE ASSETS (continued)

Magnesium Technology (continued)

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.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	September 30, 2021
	$	$
Accounts payable (Note 8)	327,439	274,015
Accrued liabilities	93,845	80,348
	421,284	354,363

6. GOVERNMENT GRANTS

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;

(Expressed in Canadian Dollars)

6. GOVERNMENT GRANTS (continued)

Investissement Québec (“IQ”) (continued)

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 March 31, 2022, 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 period ended March 31, 2022, the Company accrued $9,750 (March 31, 2021 - $9,749) in interest on the Grant pursuant to the notice of default.

7. NOTES PAYABLE

During the period ended March 31, 2022, the Company received unsecured loan proceeds of $Nil (September 30, 2021 - $26,000) from arms-length parties. During the period ended March 31, 2022, the Company repaid $86,000 (September 30, 2021 - $ Nil) plus interest totalling $100,843 (September 30, 2021 - $Nil) of the notes payable. During the period ended March 31, 2022, the Company issued Nil common shares (September 30, 2021 - 55,101 commons shares) in settlement of notes payable amounting to $Nil (September 30, 2021 - $155,000) and reduced the interest owing by $Nil (September 30, 2021 - $7,993) to arms-length parties (Note 9).

Principal $	Interest Rate %	Due Date	Owing as at March 31, 2022 $	Owing as at September 30, 2021 $
1,000	8	On Demand	-	1,000
5,000	8	November 18, 2020	-	5,000
50,000	8	November 22, 2020	-	50,000
30,000	8	January 30, 2021	-	33,304
86,000			-	89,304

In addition to the above, as at March 31, 2022, the Company had arms-length notes outstanding of $2,594 (September 30, 2021 - $2,941). These loans are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

Compensation paid to key management and directors

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

	March 31, 2022	March 31, 2021
	$	$
Executive Director and CEO	30,000	-
Former executive Director and CEO	-	90,000
Non-executive Director for consulting fees	18,000	18,000
Company controlled by the President of MOOI for consulting fees and research expenses	-	(28,000)
Share-based compensation	119,360	-
	167,360	80,000

Due to related parties

	March 31, 2022	September 30, 2021
	$	$
Former Executive Director and CEO	34,806	34,806
Company related to a former Executive Director and CEO	10,000	10,000
Non-executive Directors	54,000	36,000
	98,806	80,806

Included in accounts payable and accrued liabilities as at March 31, 2022 is $4,725 (September 30, 2021 - $4,725) owing to a company controlled by the former CFO (Note 5).

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, the Company entered into a loan agreement with a director of the Company whereby the director agreed to lend $16,000. The loan was unsecured, due on January 29, 2021 and bears interest at 8% per annum. During the period ended March 31, 2022, the Company issued Nil common shares (September 30, 2021 - 6,772 common shares) in settlement of the loan agreement amounting to $Nil (September 30, 2021 - $19,910) (Note 9).

9. SHARE CAPITAL

(a) Authorized

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

During the period ended March 31, 2022, 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 condensed interim consolidated financial statements have been retroactively restated to reflect the share consolidation.

9. SHARE CAPITAL (continued)

(a) Authorized (continued)

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.

(b) Common Shares - issued and outstanding

Transaction for the issue of share capital during the year ended March, 31, 2022:

1. The Company completed a non-brokered private placement and issued 1,453,431 common shares at a price of $0.255 per share for gross proceeds of $370,625.

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.
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.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(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.

Stock options issued and outstanding are as follows:

	March 31, 2022		September 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance , beginning	404,286	$ 5.01	22,143	$ 14.00
Granted	-	$ -	404,286	$ 5.01
Expired	-	$ -	(22,143)	$ 14.00
Balance, end	404,286	$ 5.01	404,286	$ 5.01

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	10,714	10,714	$ 4.55	2.49
September 29, 2026	382,857	373,929	8,929	$ 5.04	4.50

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 March 31, 2022, 21,429 stock options remain outstanding. During the period ended March 31, 2022, $57,918 (March 31, 2022 - $Nil) 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 March 31, 2022, 382,857 stock options remain outstanding. During the period ended March 31, 2022, $61,442 (March 31, 2021- $Nil) share-based payment was recorded.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(d) Warrants

Details of warrants outstanding are as follows:

	March 31, 2022		September 30, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance , beginning	2,665,418	$ 5.25	-	$ -
Granted	-	$ -	2,673,658	$ 5.25
Exercised	-	$ -	(8,240)	$ 5.25
Balance, end	2,665,418	$ 5.25	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	0.91

10. 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 period ended March 31, 2022, the Company repaid $50,000 (September 30, 2021 - $100,000) plus interest totalling $ 57,593 (September 30, 2021 - $116,569) of the Convertible Debenture. Details of Convertible Debentures outstanding are as follows:

	March 31, 2022 $	**September 30, 2021 $**
Balance, beginning	57,593	166,529
Interest accruals	-	7,633
Repayment of principal	(50,000)	(100,000)
Repayment of interest	(7,593)	(16,569)
Balance, end	-	57,593

11. FINANCIAL INSTRUMENTS

Fair values

The Company's condensed interim consolidated financial instruments consist of cash, accounts payable, due to related parties, notes payable 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 March 31, 2022, 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.

11. FINANCIAL INSTRUMENTS (continued)

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.

12. 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.

13. 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.

13.COMMITMENTS (continued)

(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)

14. PREPAIDS

	March 31, 2022 $	**September 30, 2021 $**
Consulting prepayments	121,666	636,700
Management fees prepayments	-	12,000
Rent prepayments	-	12,500
Other prepayments to vendors	1,911	29,449
	123,577	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.

15. SEGMENTED INFORMATION

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