COVER TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021

(Expressed in Canadian Dollars)

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, 2022 and 2021 and October 1, 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, 2022 and 2021 and October 1, 2020, and its financial performance and its cash flows for the years ended September 30, 2022 and 2021 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 30, 2023

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

	Note	September 30, 2022	As at September 30, 2021(i)	October 1, 2020(i)
		$	$	$
ASSETS				
Cash		224,489	1,329,318	12,401
Other receivables		-	-	1,225
Sales tax receivable		87,884	101,916	10,155
Prepaids	13	2,056	690,649	-
		314,429	2,121,883	23,781
Prepaids		-	-	50,000
TOTAL ASSETS		314,429	2,121,883	73,781
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current Liabilities				
Accounts payable and accrued liabilities	4	515,206	354,363	371,748
Due to related parties	7	72,000	80,806	188,840
Notes payable	6	3,025	92,245	516,856
Advance from Investissement Québec	5	572,996	553,443	533,891
Proceeds from convertible debenture	9	-	57,593	166,529
		1,163,227	1,138,450	1,777,864
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital	8	18,620,088	18,249,463	9,063,200
Reserves	8	2,299,194	2,142,025	254,024
Deficit		(21,768,080)	(19,408,055)	(11,021,307)
		(848,798)	983,433	(1,704,083)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		314,429	2,121,883	73,781

(i) Restated, see note 2

Nature of operations and going concern	1
Commitments	12
Subsequent events	17

Approved and authorized by the Board on January 30, 2023

Approved on behalf of the Board:

"Frank Vlastelic"
Director

"*Dorian Banks*"
Director

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

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

	Note	Years ended September 30, 2022	September 30, 2021
		$	$
Expenses			
Investor communication		928,370	980,502
Management fees	7	72,000	111,000
Office and administration		33,553	43,552
Professional and consulting fees	7	760,028	1,137,830
Research expense		50,000	6,000
Share-based compensation	8	158,667	1,676,936
Transfer agent and filing fees		80,543	62,249
Sales tax provision		45,773	-
Loss from operating expenses		(2,128,934)	(4,018,069)
Other items			
Flurbo acquisition cost	12	-	(4,490,300)
Interest expense	5, 6, 9	(31,091)	(32,616)
Write-off of deposit	12	-	(75,000)
Secured loan receivable provision	14	(200,000)	-
Loss on debt settlement		-	(7,000)
Loss for the year		(2,360,025)	(8,622,985)
Other comprehensive income (loss)			
Item that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		(1,498)	1,287
Comprehensive loss for the year		(2,361,523)	(8,621,698)
Weighted average number of common shares outstanding – basic and diluted		4,967,811	2,142,923
Basic and diluted loss per share		(0.48)	(4.02)

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

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

	Years ended September 30, 2022	September 30, 2021
	$	$
Operating activities		
Net loss for the year	(2,360,025)	(8,622,985)
Items not involving cash:		
Accrued interest on notes payable	-	6,525
Accrued interest on convertible debentures	-	7,633
Accrued interest on government grant	19,553	19,552
Flurbo acquisition cost	-	4,490,300
Impairment of interest	-	(7,993)
Loss on debt settlement	-	7,000
Write-off of deposit	-	75,000
Sales tax provision	45,773	-
Secured loan receivable provision	200,000	-
Foreign exchange	2,299	-
Share-based compensation	158,667	1,676,936
Non-cash working capital items		
Trade and other receivable	(31,741)	(90,536)
Prepaids	688,738	(690,649)
Accounts payable and accrued liabilities	113,677	(33,954)
Due to related parties	36,000	28,806
	(1,127,059)	(3,134,365)
Financing activities		
Proceeds from private placement, net	370,625	4,505,808
Proceeds from notes payable	-	26,000
Proceeds from warrant exercise	-	43,260
Repayment of notes payable	(89,304)	-
Repayment of convertible debenture	(57,593)	(100,000)
	223,728	4,475,068
Investing activities		
Secured loan receivable	(200,000)	-
Prepaid	-	(25,000)
	(200,000)	(25,000)
Effect of foreign currency on cash	(1,498)	1,214
Change in cash during the year	(1,103,331)	1,315,703
Cash, beginning of the year	1,329,318	12,401
Cash, end of the year	224,489	1,329,318
Non-cash financing activities		
Shares issued for debt	$ -	$ 448,000
Related party shares issued for debt	$ -	$ 137,910
Finders fee share	$ -	$ 528,194
Fair value of broker warrants	$ -	$ 456,760

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

COVER TECHNOLOGIES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended September 30, 2022 and 2021
(Expressed in Canadian Dollars)

		Share Capital		Reserves					
	Notes	**Number of common shares**	**Amount**	**Warrant**	**Loan**	**Option**	**Translation gain (loss)**	**Deficit**	**Total**
			$	$	$	$	$	$	$
September 30, 2020		393,073	9,063,200	-	2,664,963	236,237	17,787	(13,686,270)	(1,704,083)
Impact of change in accounting policy	2	-	-	-	(2,664,963)	-	-	2,664,963	-
Restated balance, October 1, 2020		393,073	9,063,200	-	-	236,237	17,787	(11,021,307)	(1,704,083)
Shares for debt	6,7,8	201,669	592,910	-	-	-	-	-	592,910
Private placement	8	2,587,601	4,799,850	-	-	-	-	-	4,799,850
Finders' fee	8	75,456	(750,802)	456,760	-	-	-	-	(294,042)
Flurbo acquisition	12	801,839	4,490,300	-	-	-	-	-	4,490,300
Warrant exercise	8	6,429	33,750	-	-	-	-	-	33,750
Finders' warrant exercise	8	1,811	20,255	(10,745)	-	-	-	-	9,510
Cancellation or expiry of stock options		-	-	-	-	(236,237)	-	236,237	-
Share-based compensation	8	-	-	-	-	1,676,936	-	-	1,676,936
Foreign exchange adjustment		-	-	-	-	-	1,287	-	1,287
Loss		-	-	-	-	-	-	(8,622,985)	(8,622,985)
Restated balance, September 30, 2021		4,067,878	18,249,463	446,015	-	1,676,936	19,074	(19,408,055)	983,433
Private placement	8	1,453,431	370,625	-	-	-	-	-	370,625
Foreign exchange adjustment	8	-	-	-	-	-	(1,498)	-	(1,498)
Share-based compensation	8	-	-	-	-	158,667	-	-	158,667
Loss		-	-	-	-	-	-	(2,360,025)	(2,360,025)
Restated balance, September 30, 2022		5,521,309	18,620,088	446,015	-	1,835,603	17,576	(21,768,080)	(848,798)

The accompanying notes are an integral part of these 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 810 – 789 West Pender Street, Vancouver, V6C 1H2. The Company's shares are traded on the Canadian Securities Exchange ("CSE"), Frankfurt stock exchange and the OTC Bulletin Board ("OTCBB"). Cover is a technology research and development company with a focus on emerging technologies and solutions. Cover is in pursuit of identifying opportunities in emerging technologies.

Going Concern

The company incurred a net loss of $2,360,025 for the year ended September 30, 2022. As at September 30, 2022, the Company had a history of losses and an accumulated deficit of $21,768,080. Total cash used in operations for the year ended September 30, 2022 amounted to $1,127,059.

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.

As of September 30, 2022, the Company had total liabilities of $1,163,227, of which $572,996 was due to Investissement Québec relating to default of a contribution agreement (Note 5). Subsequent to September 30, 2022, the Company terminated a technology acquisition agreement (Note 12) and is currently uncertain whether to continue with the magnesium processing business. As the Investissement Québec grant relates to magnesium processing, it is uncertain whether the Quebec government will demand repayment if the Company decides to discontinue its operations in magnesium processing. As of September 30, 2022, Investissement Québec has not taken legal action against the Company. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of compliance and basis of presentation (continued)

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 into line with those used by the Company.

The subsidiaries of the Company as of September 30, 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is 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.

Cash

Cash is comprised of cash on hand and demand deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets generated internally by incurring research and development expenditures

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

The Company is in the research phase and all costs have been expensed.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

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 represent 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Company's financial asset at amortized cost comprises cash.

<u>Financial assets at FVTOCI</u>
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.

<u>Financial assets at amortized cost</u>
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 secured loan receivable 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

Financial Assets	Classification
Cash	FVTPL
Secured loan receivable	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 and advance from Investissement Québec. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

<u>Financial liabilities at FVTPL</u>
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.

<u>Financial liabilities at amortized cost</u>
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.

Financial Liabilities	Classification
Accounts payable	Amortized cost
Due to related parties	Amortized cost
Notes payable	Amortized cost
Advance from Investissement Québec	Amortized cost
Proceeds from convertible debenture	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

(Expressed in Canadian Dollars)

2. SIGNIFICANT 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.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options or broker warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised and cancelled, the amount recorded is transferred to deficit.

Change in accounting policy

On October 1, 2021, the Company amended its significant accounting policy to state that upon settlement of convertible debentures, the Company reclassifies the carrying value of equity portion from loan reserve to deficit in order to provide more relevant information on the Company's financial position. This change was applied retrospectively; therefore, the opening balances of each affected component of financial position for the earliest period presented and other comparative amounts disclosed for each prior period have been presented as if this method has always been applied.

Retrospective application of this change in accounting policy results in the following impact on the October 1, 2020 opening statement of financial position:

	As at October 1, 2020		
	Reported at October 1, 2020	Impact of changes	Restated at October 1, 2020
Reserves	2,918,987	(2,664,963)	254,024
Deficit	(13,686,270)	2,664,963	11,021,307

(Expressed in Canadian Dollars)

3. INTANGIBLE ASSETS

Magnesium Technology

During the year ended year ended September 30, 2020, the Company and its subsidiary, MOOI, entered into an agreement with Asbestos Corp. Ltd. ("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 had been extended to March 1, 2022. The agreement lapsed during the year ended September 30, 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. The Company did not acquire any tailings during the years ended September 30, 2022 and 2021.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	September 30, 2021
	$	$
Accounts payable (Note 7)	368,634	274,015
Accrued liabilities	146,572	80,348
	515,206	354,363

5. 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;

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, 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 year ended September 30, 2022, the Company accrued $19,553 (September 30, 2021 - $19,552) in interest on the Grant pursuant to the notice of default.

(Expressed in Canadian Dollars)

6. NOTES PAYABLE

During the year ended September 30, 2022, the Company received unsecured loan proceeds of $Nil (September 30, 2021 - $26,000). During the year ended September 30, 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 year ended September 30, 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) (Note 8).

Principal $	Interest Rate %	Due Date	Owing as at September 30, 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 September 30, 2022, the Company had arms-length notes outstanding of $3,025 (September 30, 2021 - $2,941). These loans are unsecured, non-interest bearing and due on demand.

7. RELATED PARTY TRANSACTIONS

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company.

Compensation paid to key management

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

	September 30, 2022	September 30, 2021
	$	$
Executive Director, CEO and interim CFO	60,000	7,500
Former executive Director and CEO	-	135,000
Non-executive Director for consulting fees	36,000	36,000
Share-based compensation	158,667	2,306
	254,667	180,816

Due to related parties

	September 30, 2022	September 30, 2021
	$	$
Former Executive Director and CEO	-	34,806
Company related to a former Executive Director and CEO	-	10,000
Non-executive Directors	72,000	36,000
	72,000	80,806

7. RELATED PARTY TRANSACTIONS (continued)

The current year balance owing to former executive director and CEO has been included in accounts payable. Included in accounts payable and accrued liabilities as at September 30, 2022 is $44,806 (September 30, 2021 - $4,725) owing to former executive director and CEO and a company controlled by the former CEO (Note 4).

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 year ended September 30, 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 8).

8. 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 year ended September 30, 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 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 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 September 30, 2022:

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:

A total of 201,669 common shares were issued with a fair value of $2.94 per share to settle $585,910 debt owing.

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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(b) Common Shares - issued and outstanding (continued)

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%.

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

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.

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 a 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.

(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:

	September 30, 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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(c) Stock Options (continued)

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	0.11
September 29, 2026	382,857	382,857	-	$ 5.04	3.79

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%. As at September 30, 2022, 21,429 stock options remain outstanding. All options were vested by September 24, 2022. During the year ended September 30, 2022, $77,084 (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%. As at September 30, 2022, 382,857 stock options remain outstanding. All options were vested by September 29, 2022. During the year ended September 30, 2022, $81,583 (September 30, 2021- $1,674,976) share-based payment was recorded.

(d) Warrants

Details of warrants outstanding are as follows:

	September 30, 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

During year ended September 30, 2022, the weighted average share price on the days of warrant exercised was $Nil (September 30, 2021 - $6.20).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(e) Warrants (continued)

Expiry Date	Number of Options Outstanding	Exercise Price	Weighted Average Remaining Life
February 26, 2023	2,665,418	$ 5.25	0.41

9. 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 issuance of Convertible Debentures was subject to regulatory approval.

During the year ended September 30, 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:

	September 30, 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

10. FINANCIAL INSTRUMENTS

Fair values

The Company's consolidated 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, 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 advance from Investissement Québec is exposed to changes in prime rate. As at September 30, 2022, a 1% increase/decrease in prime rate would increase/decrease the net loss by $5,730 (September 30, 2021 - $5,534).

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 exposed to minimal foreign exchange risk.

10. 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.

11. 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.

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any externally imposed capital requirements.

12. 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"). Finders' fees were paid in connection with the acquisition of Flurbo, 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 share-based compensation in the consolidated statement of loss and comprehensive loss. During the year ended September 30, 2022, there was no progress on development of Flurbo. Subsequent to the year ended September 30, 2022, the Company no longer pursued the development of Flurbo technology.

12.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. Subsequent to the year ended September 30, 2022, the Company terminated this agreement. As of September 30, 2022, the Company owed $118,650 to Tech Magnesium.

(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.

(d) In September 2019, the Company entered into a settlement agreement with the arm's length party and was committed to pay $125,000 as of September 30, 2022 and September 30, 2021. The commitment was settled subsequent to the year ended September 30, 2022 (Note 17c).

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13. PREPAIDS

	September 30, 2022 $	September 30, 2021 $
Consulting prepayments	-	636,700
Management fees prepayments	-	12,000
Rent prepayments	-	12,500
Other prepayments to vendors	2,056	29,449
	2,056	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.

14. SECURED LOAN RECEIVABLE

On September 29, 2022, the Company advanced a short-term loan of $200,000 (“Secured Loan”) to PlasCred, Inc. (“PlasCred”), in connection with an assignment agreement (the “Assignment”) entered subsequent to the year ended September 30, 2022 (Note 17). The Secured Loan is secured by a general security agreement over all the assets of PlasCred (the “Loan Assignment”), bears interest of 10% per annum, compounded monthly, and matures on the earlier of June 2, 2023 or 90 days after the Assignment is terminated.

During the year ended September 30, 2022, due to the degree of uncertainty surrounding the collection of this loan and the timing of completion of the Assignment, the Company recorded a provision of $200,000 on the statement of loss and comprehensive loss. In the event the Assignment is terminated, management will pursue the collection of this secured loan receivable.

15. SEGMENTED INFORMATION

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

(Expressed in Canadian Dollars)

16. INCOME TAXES

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

	September 30, 2022 $	September 30, 2021 $
Net loss for the year	(2,360,025)	(8,622,985)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(637,207)	(2,328,206)
Non-deductible items and other	100,981	1,588,099
Adjustment to prior year provision	(1,193,222)	(13,197)
Temporary differences not recognized	1,729,448	753,304
Income tax recovery	-	-

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

	September 30, 2022 $	September 30, 2021 $
Non-capital loss carry-forwards	3,085,631	2,537,756
Exploration and evaluation assets	60,397	75,319
Share issuance cost	47,659	63,546
Capital assets	1,261,644	49,262
	4,455,331	2,725,883
Unrecognized deferred tax assets	(4,455,331)	(2,725,883)
Net deferred tax assets	-	-

The Company has non-capital losses in Canada totaling approximately $11,000,000 that expire between 2032 and 2042. The Company also has non-capital losses available in the United States of America totaling approximately $509,000 that expire in various amounts until 2037.

17. SUBSEQUENT EVENTS

a) The Company entered into an assignment agreement (the "Agreement") with 1346487 B.C. Ltd. ("NumberCo") and PlasCred, a private green technology company with a patent-pending and proprietary process for plastic waste removal. Pursuant to the Agreement, the Company has agreed to enter into an Assignment of a securities exchange agreement dated August 2, 2022 among NumberCo and PlasCred and the shareholders of PlasCred (collectively, the "PlasCred Shareholders"). In connection with the Assignment, the Company has also agreed by way of novation and assumption agreement to take assignment of the monies that have been advanced by NumberCo to Plascred, which are expected to be $800,000 by the time of closing of the Assignment and secured by a general security agreement over all the assets of PlasCred (the "Loan Assignment"). In consideration for the Assignment, the Company will issue to NumberCo 12,000,000 units (each, a "Unit") of the Company, as adjusted after the completion of any consolidation or subdivision, with each Unit consisting of one common share in the capital of the Company and one share purchase warrant, exercisable for a period of two years at an exercise price of $0.25 per share. The Assignment will allow the Company to acquire all of the outstanding securities of PlasCred from the securityholders of PlasCred (the "Transaction"). In connection with the completion of the Transaction, the Company will issue up to an aggregate of 35,000,000 shares on a pro rata basis to the securityholders of PlasCred. Except for the Loan Assignment, the Company is not assuming any long-term debt as part of the Transaction and no finders' fees are anticipated to be paid. Completion of the Transaction is subject to regulatory approval and

17. SUBSEQUENT EVENTS (continued)

fulfillment of the closing terms outlined in the Assignment. The terms and details in the Assignment are currently under negotiation.

b) The Company entered into an agreement with Adelaide Capital Markets Inc. (“Adelaide”), pursuant to which Adelaide has agreed to provide investor relations and communications services to the Company in exchange for an aggregate amount of $60,000, payable in monthly instalments of $10,000 until March 19, 2023. Pursuant to the agreement between Adelaide and the Company, the Company granted stock options to Adelaide to purchase up to 150,000 common shares of the Company at an exercise price of $0.25 per share. Of these Options, 37,500 shall vest on December 19, 2022, 37,500 shall vest on March 19, 2023, 37,500 shall vest on June 19, 2023 and 37,500 shall vest on September 19, 2023.

c) Subsequent to the year ended September 30, 2022, the Company paid $125,000 to an arm’s length party pursuant to a settlement agreement (Note 12).