COVER TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2023 AND 2022

Unaudited

(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, 2023 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
As at March 31, 2023 and September 30, 2022
(Unaudited - Expressed in Canadian Dollars)

	Note	As at March 31, 2023	As at September 30, 2022
		$	$
ASSETS			
Cash		425,177	224,489
Other receivables	3	1,600,000	-
Sales tax receivable		99,425	87,884
Prepaids		2,056	2,056
Deferred acquisition cost	3	8,300,343	-
TOTAL ASSETS		10,427,001	314,429
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable and accrued liabilities	4	397,658	515,206
Due to related parties	7	110,000	72,000
Notes payable	6	1,294	3,025
Advance from Investissement Québec	5	582,745	572,996
Convertible debenture deposit	9	1,500,000	-
		2,591,697	1,163,227
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	8	18,620,088	18,620,088
Consideration payable	3	8,814,753	-
Reserves	8	2,318,976	2,299,194
Deficit		(21,918,513)	(21,768,080)
		7,835,304	(848,798)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		10,427,001	314,429

Nature of operations and going concern	1
Commitments	12
Subsequent events	14

Approved and authorized by the Board on May 30, 2023

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
For the six months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

		Three months ended		Six months ended	
	Note	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
				$	$
Expenses					
Investor communication		-	-	30,000	42,000
Management fees	7	15,000	15,000	30,000	-
Office and administration		2,802	1,010	11,725	13,930
Professional and consulting fees	7	28,612	259,481	102,559	493,770
Marketing expense		-	309,366	-	796,701
Research expense		-	-	-	50,000
Share-based compensation	8	6,932	57,428	20,276	119,360
Transfer agent and filing fees		14,567	16,823	30,167	35,251
Loss from operating expenses		(67,913)	(659,108)	(224,727)	(1,551,012)
Other items					
Interest expense	5	(4,822)	(14,904)	(9,750)	(21,288)
Write off of note payable	6	1,757	-	1,757	-
Write off of accounts payable	4	82,287	-	82,287	-
Income (loss) for the period		11,309	(674,012)	(150,433)	(1,572,300)
Other comprehensive loss					
Item that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustment		138	316	(494)	31
Comprehensive income (loss) for the period		11,447	(673,696)	(150,927)	(1,572,269)
Basic and diluted income (loss) per share		0.00	(0.14)	(0.03)	(0.39)
Weighted average number of common shares outstanding – basic and diluted		5,521,309	4,762,295	5,521,309	4,067,878

COVER TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the six months ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

		Share Capital		Reserves					
	Note	Number of common shares	Amount	Warrant	Option	Translation gain (loss)	Consideration payable	Deficit	Total
			$	$	$	$	$	$	$
September 30, 2021		4,067,878	18,249,463	446,015	1,676,936	19,074	-	(19,408,055)	983,433
Private Placement		1,453,461	370,625	-	-	-	-	-	370,625
Foreign exchange adjustment		-	-	-	-	31	-	-	31
Share-based compensation	8	-	-	-	119,360	-	-	-	119,360
Loss for the period		-	-	-	-	-	-	(1,572,300)	(1,572,300)
March 31, 2022		5,521,339	18,620,088	446,015	1,796,296	19,105	-	(20,980,355)	(98,851)
September 30, 2022		5,521,309	18,620,088	446,015	1,835,603	17,576	-	(21,768,080)	(848,798)
Consideration payable	3	-	-	-	-	-	8,814,753	-	8,814,753
Foreign exchange adjustment	8	-	-	-	-	(494)	-	-	(494)
Share-based compensation	8	-	-	-	20,276	-	-	-	20,276
Loss for the period		-	-	-	-	-	-	(150,433)	(150,433)
March 31, 2023		5,521,309	18,620,088	446,015	1,855,879	17,082	8,814,753	(21,918,513)	7,835,304

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

COVER TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash flows
For the six months periods ended March 31, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	Six months period ended March 31, 2023	March 31, 2022
	$	$
Operating activities		
Net loss for the period	(150,433)	(1,572,300)
Items not involving cash:		
Accrued interest on notes payable	-	11,538
Write-off of note payable	(1,757)	-
Write-off of accounts payable	(82,287)	-
Accrued interest on government grant	9,750	9,750
Foreign exchange	(1,731)	-
Share-based compensation	20,276	119,360
Non-cash working capital items		
Trade and other receivable	(11,541)	(11,057)
Prepaids	-	567,072
Accounts payable and accrued liabilities	(119,095)	66,921
Due to related parties	38,000	18,000
Cash used in operating activities	**(298,818)**	**(790,716)**
Financing activities		
Proceeds from convertible debentures issued	1,000,000	-
Payment of convertible debentures	-	(57,593)
Loan receivable	(500,000)	-
Proceeds from share issuances	-	370,625
Payment of Notes payable	-	(100,843)
Cash received from financing activities	500,000	212,189
Effect of foreign currency on cash	(494)	31
Change in cash during the period	201,182	(578,527)
Cash, beginning of the period	224,489	1,329,318
Cash, end of the period	425,177	750,822
Supplemental Cash Flow Information		
Consideration payable	$ 8,214,753	$ -
Assignment of loan receivable	$ 600,000	$ -
Non-cash financing activities		
Interest	$ -	$ -
Taxes	$ -	$ -

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 810 – 789 West Pender Street, Vancouver, V6C 1H2. The Company's shares are traded on the Canadian Securities Exchange ("CSE") and the Frankfurt stock exchange. 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

During the six months ended March 31 2023, the Company incurred a net loss of $150,433 (2022 - $1,572,300). As at March 31, 2023, the Company had a history of losses and an accumulated deficit of $21,918,513 (September 30, 2022 - $21,768,080). Total cash used in operations for the six months ended March 31, 2023 amounted to $298,818 (March 31, 2022 - $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.

As of March 31, 2023, the Company had total liabilities of $2,591,697 (September 30, 2022 - $1,163,227), of which $582,745 (September 30, 2022 - $572,996) was due to Investissement Québec relating to default of a contribution agreement (Note 5). As at March 31, 2023, the Company terminated a technology acquisition agreement and is no longer pursing 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 although the Company believe that it has met all requirements imposed by Investissement Québec. As of March 31, 2023, 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 condensed interim 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.

2. 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").

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (CONTINUED)

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, 2022. The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2022 audited consolidated financial statements.

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.

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 interim condensed consolidated financial statements.

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, 2023 are as follows:

		Ownership Percentage	
Name	**Incorporation**	**2023**	**2022**
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

(Unaudited - Expressed in Canadian Dollars)

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (CONTINUED)

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.

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 condensed interim consolidated 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 condensed interim consolidated 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 2022 annual financial statements.

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

(Unaudited - Expressed in Canadian Dollars)

3. OTHER RECEIVABLES

	Amount **$**
Balance, at September 30, 2021	-
Additions	200,000
Secured loan receivable provision	(200,000)
Balance, at September 30, 2022	-
Assignment agreement	600,000
Additions	1,000,000
Balance, at March 31, 2023	1,600,000

On March 1, 2023, the Company entered into a Loan Agreement with PlasCred Inc. ("PlasCred"), and advanced $1,000,000 to PlasCred. The loans bear interest of 10%, compounded monthly, is secured by PlasCred's assets and matures on the earliest of: i) March 1, 2024, ii) July 29, 2023, if the transaction is not completed by April 30, 2023 and iii) 90 days after the date the share exchange agreement with PlasCred is terminated.

On November 14, 2022, the Company entered into an assignment agreement (the "Assignment 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 Assignment Agreement, the Company has agreed to an assignment (the "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 is $600,000 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 issued 24,000,000 units on May 11, 2023. Each unit consisted 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 $0.125 per share. The Assignment allows the Company to acquire all of the outstanding securities of PlasCred from the PlasCred Shareholders (the "Transaction").

The Company recorded deferred acquisition cost and a corresponding consideration payable of $8,814,753, with the fair value of the common shares being $4,440,000 using a level 1 input on November 14, 2022 and the fair value of the warrants being $4,374,753. The total fair value of the warrant was calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants – 2 years; expected volatility – 333%; expected dividend yield – 0%; and risk-free rate – 3.87%.

The deferred acquisition cost was netted against the assignment of the loan receivable of $600,000 and included in deferred acquisition cost are legal fees of $85,590 which have been incurred in connection with the Transaction.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	**September 30, 2022**
	$	$
Accounts payable	255,346	368,634
Accrued liabilities	142,312	146,572
	397,658	515,206

During the period ended March 31, 2023, the Company determined that $82,287 of accounts payable are no longer due

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 "Grant 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 March 31, 2023, 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 Grant 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 six months period ended March 31, 2023, the Company accrued $9,750 (year ended September 30, 2022 - $19,553) in interest on the Grant pursuant to the notice of default.

6. NOTES PAYABLE

As at March 31, 2023, the Company had arms-length notes outstanding of $1,294 (September 30, 2022 - $3,025). These loans are unsecured, non-interest bearing and due on demand. During the period ended March 31, 2023, the Company recorded a write-off of notes payable of $1,757.

(Unaudited - Expressed in Canadian Dollars)

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:

	March 31, 2023	March 31, 2022
	$	$
Executive Director, CEO and interim CFO	30,000	30,000
Non-executive Director for consulting fees	18,000	18,000
Share-based compensation	-	119,360
	48,000	167,360

Due to related parties

	March 31, 2023	September 30, 2022
	$	$
Due to the CEO of the Company	20,000	-
Non-executive Directors	90,000	72,000
	110,000	72,000

The amounts owing to related parties do not bear any interest, are unsecured and due on demand.

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 seven (7) old common shares for one (1) new common share. 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.

(b) Common Shares - issued and outstanding

Transactions for the issue of share capital during the six months period ended March 31, 2023:

The Company did not issue any shares.

Transactions 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.

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

(b) 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, 2023		September 30, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning	404,286	$ 5.01	404,286	$ 5.01
Granted	150,000	$ 0.25	-	$ -
Balance, end	554,286	$ 3.73	404,286	$ 5.01

Weighted average remaining life of outstanding options as at March 31, 2023 is 3.70 years.

As at March 31, 2023, the Company had the following stock options outstanding:

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	0.06
September 29, 2026	382,857	382,857	-	$ 5.04	2.42
October 7, 2027	150,000	75,000	75,000	$ 0.25	1.22

On October 7, 2022, the Company granted a total of 150,000 stock options to a consultant of the Company exercisable at $0.25 for a period of 5 years. The total fair value of the stock options was determined to be $25,421 calculated using the Black-Scholes Option Pricing Model with the following assumptions: expected life of options – 5 years; expected volatility – 268%; expected dividend yield – 0%; and risk-free rate – 3.48%. The options vest 25% every three months, starting December 19, 2022. During the six months ended March 31, 2023, $20,276 share-based payment was recorded.

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONTINUED)

(c) Warrants

Details of warrants outstanding are as follows:

	March 31, 2023		September 30, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning	2,665,418	$ 5.25	2,665,418	$ 5.25
Expired	(2,665,418)	$ 5.25	-	-
Balance, end	-	-	2,665,418	$ 5.25

Weighted average remaining life of outstanding warrants as at March 31, 2023 is Nil (September 30, 2022 – 0.41) years

9. CONVERTIBLE DEBENTURE DEPOSITS

During the period ended March 31, 2023, the Company entered into subscription agreements to purchase unsecured convertible debentures with arm's length parties in the principal amount of $1,500,000. As of March 31, 2023, the sale of the convertible debentures has not closed and the Company has recorded the amounts received as a deposit.

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 convertible debentures deposits.

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, 2023, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

10. FINANCIAL INSTRUMENTS (CONTINUED)

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 moderate as receivables consists primarily of refundable government goods and services taxes and loan receivable from PlasCred. The loan receivables from PlasCred are secured by PlasCred's assets.

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 March 31, 2023, a 1% increase/decrease in prime rate would increase/decrease the net loss by $5,830 (September 30, 2022 - $5,730). The Company's convertible debenture and loan receivables bear a fixed interest rate so there is no interest rate risk associated with these accounts.

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.

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.

11. CAPITAL MANAGEMENT (CONTINUED)

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

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 and the six months ended March 31, 2023, there was no progress on development of Flurbo.

(a) 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. During the six months period ended March 31, 2023, the Company terminated this agreement. As of March 31, 2023, the Company owed $127,125 (September 30, 2022 - $118,650) to Tech Magnesium.

12. COMMITMENTS (CONTINUED)

(b) The Company entered into the Assignment Agreement with 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 an assignment of a securities exchange agreement dated August 2, 2022 among NumberCo and PlasCred and the PlasCred Shareholders. The Assignment will allow the Company to acquire all of the outstanding securities of PlasCred from the PlasCred Shareholders. 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. Completion of the Transaction is subject to regulatory approval and fulfillment of the closing terms outlined in the Assignment.

13. SEGMENTED INFORMATION

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

14. SUBSEQUENT EVENTS

On May 11, 2023, the Company issued 24,000,000 units to the NumberCo as consideration for the Assignment Agreement (Note 3). Each unit consisted 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 $0.125 per share.

On April 21, 2023, the Company cancelled 554,285 stock options to certain officers, directors and consultants of the Company.