

GreenBank Capital Inc.

Condensed Interim Consolidated Financial Statements

October 31, 2021

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of GreenBank Capital Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

GreenBank Capital Inc.
Consolidated Statements of Financial Position

(expressed in Canadian dollars)

(unaudited)

	Notes	As at October 31, 2021 \$	As at July 31, 2021 \$
ASSETS			
Current assets			
Cash		1,184,375	1,115,881
Accounts receivable		678	679
HST recoverable		8,937	30,589
Due from related parties	4	12,682	12,682
Prepaid expenses		50,002	51,839
Total current assets		1,256,674	1,211,670
Non-current assets			
Exploration and evaluation assets	5	966,292	881,447
Investments	6	6,792,055	4,133,545
Investment in associates	7	371,825	386,505
Total non-current assets		8,130,172	5,401,497
Total assets		9,386,846	6,613,167
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	18	448,402	298,426
Deferred revenue		-	50,000
Due to Flex	7	150,000	246,914
Due to Staminier	8	-	488,216
Due to related parties	9	227,491	173,312
Flow-through premium liability		39,969	43,467
Total current liabilities		865,862	1,300,335
Non-current liabilities			
Due to Staminier	8	4,115,848	1,063,482
Canada Emergency Business Account loan	10	-	30,475
Convertible loans due to related parties	11	670,291	665,358
Total non-current liabilities		4,786,139	1,759,315
Total liabilities		5,652,001	3,059,649
Equity			
Common share capital	12	7,207,746	7,207,746
Common shares to be issued	12	605,000	605,000
Warrants	12	1,628,950	1,628,950
Contributed surplus	12	2,324,966	2,324,966
Share-based payment reserve	12	1,207,540	1,207,540
Deficit		(10,380,691)	(10,182,037)
Total equity attributed to owners of Greenbank		2,593,510	2,792,164
Non-controlling interest	13	1,141,335	761,352
Total equity		3,734,845	3,553,516
Total liabilities and equity		9,386,846	6,613,165

Going concern

2

Approved on behalf of the Board of Directors:

Terry Pullen
Director

Mark Wettreich
Director

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

GreenBank Capital Inc.
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

		3 months ended October 31,	
	Notes	2021	2020
		\$	\$
Revenue			
Consulting		50,000	12,500
Expenses			
Consulting	16	141,608	43,676
Management fees	16	18,000	-
Director fees	16	16,000	-
Share-based payment		1,006	-
Investor relations and market research		33,248	-
Office and general		46,168	10,094
Professional fees		32,483	15,278
Public company costs	16	59,424	36,127
Exploration and evaluation	5	63,680	-
Foreign exchange loss		3,231	-
		414,848	105,175
Net loss from operations		(364,848)	(92,675)
Other income (expenses)			
Share of loss of associates	7	(17,766)	(6,882)
Fair value adjustment on investments	6	149,821	-
Finance expense		(69,014)	(907)
Reversal of flow-through premium		5,827	-
Net loss		(295,981)	(100,464)
Net loss attributed to:			
Equity holders of GreenBank Capital Inc.		(198,654)	(65,188)
Non-controlling interest		(97,326)	(35,276)
		(295,981)	(100,464)
Basic and diluted net loss per share		-	-
Weighted average number of common shares			
outstanding - basic and diluted		59,968,137	49,814,286

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

GreenBank Capital Inc.
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

		3 months ended October 31,	
	Notes	2021	2020
		\$	\$
Revenue			
Consulting		50,000	12,500
Expenses			
Consulting	16	141,608	43,676
Management fees	16	18,000	-
Director fees	16	16,000	-
Share-based payment		1,006	-
Investor relations and market research		33,248	-
Office and general		46,168	10,094
Professional fees		32,483	15,278
Public company costs	16	59,424	36,127
Exploration and evaluation	5	63,680	-
Foreign exchange loss		3,231	-
		414,848	105,175
Net loss from operations		(364,848)	(92,675)
Other income (expenses)			
Share of loss of associates	7	(17,766)	(6,882)
Fair value adjustment on investments	6	149,821	-
Finance expense		(69,014)	(907)
Reversal of flow-through premium		5,827	-
Net loss		(295,981)	(100,464)
Net loss attributed to:			
Equity holders of GreenBank Capital Inc.		(198,654)	(65,188)
Non-controlling interest		(97,326)	(35,276)
		(295,981)	(100,464)
Basic and diluted net loss per share		-	-
Weighted average number of common shares			
outstanding - basic and diluted		59,968,137	49,814,286

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

GreenBank Capital Inc.
Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Common shares		Common shares to be issued	Reserves			Deficit	Non-controlling interest	Total
	Number	Amount \$		Warrants \$	Share-based payments \$	Contributed surplus \$			
Balance July 31, 2020	49,814,286	7,207,746	605,000	1,628,950	1,207,540	2,324,966	(10,182,037)	761,352	3,553,516
Capital transactions of subsidiary									
Common shares issued	-	-	-	-	-	-	-	477,309	477,309
Comprehensive loss for the period	-	-	-	-	-	-	(198,654)	(97,326)	(295,981)
Balance, October 31, 2021	49,814,286	7,207,746	605,000	1,628,950	1,207,540	2,324,966	(10,380,691)	1,141,334	3,734,845
Balance, July 31, 2020	49,814,286	4,375,072	-	-	545,000	2,359,632	(7,118,834)	275,611	436,481
Capital transactions of subsidiary									
Common shares issued	-	-	-	-	-	-	-	30,000	30,000
Common shares to be issued	-	-	-	-	-	-	-	24,000	24,000
Comprehensive loss for the period	-	-	-	-	-	-	(65,188)	(35,276)	(100,464)
Balance, October 31, 2020	49,814,286	4,375,072	-	-	545,000	2,359,632	(7,184,022)	294,335	390,017

GreenBank Capital Inc.

Notes to Condensed Interim Consolidated Financial Statements

October 31, 2021

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

GreenBank Capital Inc. (the "Company") was incorporated on January 30, 2013 under the laws of the Province of British Columbia. The Company is a public company whose common shares are listed for trading on the Canadian Securities Exchange under the symbol "GBC", and are also traded in the USA under symbol "OTCMKTS: GRNBF" and in Frankfurt, Germany on the Deutsche Börse under symbol FRA: 2TL. The head office of the Company is located at 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C7.

The primary business of the Company is merchant banking. The Company owns interests in the following companies:

Subsidiaries	Type of company	Ownership %
GreenBank Financial Inc.	Financial services	100.00
Kabaddi Games Inc.	Developer of mobile application game	59.50
Blockchain Evolution Inc.	Developer of blockchain based apps	52.50
Gander Exploration Inc.	Mineral exploration	34.76
Buchans Wileys Exploration Inc.	Mineral exploration	25.16
Ubique Minerals Ltd.	Mineral exploration	23.86
Associates		
GBC Grand Exploration Inc.	Mineral exploration	47.47
Flex Capital EHF	Fintech application developer	25.00
Other		
Staminier Limited	Merchant bank	19.00
Inside Bay Street Corporation	Digital financial news and media	19.00
The Lonsdale Group	Private equity	10.00
Reliable Stock Transfer Inc.	Stock transfer agency	10.00
Queensland Gold Hills Corp. (formerly Minfocus Exploration Corporation)	Mineral exploration	8.30
Codikoat Limited	Developer of anti-microbial and anti-viral coating technology	5.00
We Deliver Local Limited, operating as Beelivory	Online grocery delivery platform	5.83
St-Georges Eco-Mining Corp.	Mineral exploration	0.77
TRU Precious Metals Corp.	Mineral exploration	1.00

2. Going concern assumption

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has yet to generate significant revenues. For the 3 months ended October 31, 2021, the Company recorded a loss of \$295,981 (2021 - \$100,461) and incurred a cashflow deficit from operations of \$361,615 (2021 - \$92,675). The losses and cashflow deficits from operations limit the Company's ability to fund its operations and to further its merchant banking activities.

The continued operation of the Company is dependent upon the support of the Company's creditors and the Company's ability to secure financing, loans and advances from related parties or selling investments to meet its existing obligations and further its merchant banking activities. The Company is actively seeking to raise the necessary financing, however, there can be no assurance that additional financing will be available.

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the

COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Statement of compliance and basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended July 31, 2021.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended July 31, 2021.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on January 31, 2022.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency.

4. Due from related parties

Due from related parties includes amounts due from companies with directors, officers and shareholders in common. The amounts are unsecured, non-interest bearing and due on demand.

5. Exploration and evaluation assets

	Ubique		Total \$
	Daniels Harbour \$	Kapusksing \$	
Balance, July 31, 2021	534,425	347,022	881,447
Drilling and development costs	22,088	22,756	44,844
Option payment	–	40,000	40,000
Balance, October 31, 2021	556,513	409,778	966,291

Daniel's Harbour

The Daniels Harbour Claims consists of 3 Mineral Licenses, comprising 26 Units in the Daniels Harbour area of Newfoundland and Labrador.

Kapusksing

On February 13, 2019, and subsequently amended on November 29 2019 and on March 12, 2021, Ubique entered into an Option Agreement with Ophir Gold Corp (TSX-V: OPHR) ("**Ophir**"), formerly MinKap Resources Inc., and prior thereto Kapusksing Gold Corp. which provides for Ophir granting Ubique an option to earn a 55% or up to 70% interest in Ophir's Daniels Harbour property in western Newfoundland, which comprises 42 claim units in 4 Mineral Licences close to Ubique's Daniel's Harbour property to its west.

In order to earn a 55% interest in the Ophir Claims:

- On signing of the agreement, Ubique must pay Ophir \$10,000 (paid) and deliver to Ophir 500,000 common shares in the capital of Ubique (issued with a fair value of \$100,000);
- On or before September 15, 2019, Ubique must incur an additional \$100,000 in expenditures (incurred);
- On or before February 12, 2020, Ubique must pay Ophir \$10,000 (paid) and deliver to Ophir 500,000 common shares in the capital of Ubique (issued with a fair value of \$22,500);
- On or before February 12, 2021, Ubique must deliver to Ophir 200,000 common shares in the capital of Ubique (issued with a fair value of \$10,000);
- On or before February 28, 2021, Ubique must incur an additional \$137,290 in expenditures (incurred);
- On or before September 1, 2021, paying \$40,000 to the vendors from whom Ophir optioned the property (paid subsequent to July 31, 2021);
- On or before February 28, 2022, Ubique must incur an additional \$362,710 in expenditures;
- On or before February 12, 2024, Ubique must incur an additional \$400,000 in expenditures, at which point, Ubique will have earned a 55% interest in the Ophir property.

Upon Ubique earning a 55% interest, Ubique may earn an additional 15% interest by incurring an additional \$400,000 in expenditures, on or before February 28, 2025.

Upon Ubique earning either a 55% or 70% interest in the property, the companies will form a joint venture to continue exploration, or Ophir may elect to grant Ubique the right to earn an additional 5% interest in the property for every additional work expenditure of \$100,000 to a limit of 95% ownership by Ubique, at which time the agreement provides for Ophir's interest to be converted to a 2% Net Smelter Royalty ("NSR"). Ubique will then have the right to buy back 1.75% of the NSR for \$2,000,000. The underlying vendors are entitled to a NSR of 3% of which 2% may be repurchased for \$2,000,000. In addition, the underlying vendors are entitled to a bonus payment in the event that the operator of the joint venture delineates a NI 43-101 compliant resource of a minimum of 5,000,000 tonnes of ore with a grade of at least 7% zinc.

For the 3 months ended October 31, 2021, Ubique expensed \$63,680 for the evaluation of new projects.

At July 31, 2021 and October 31, 2021, Ubique had advanced \$50,000 as a deposit towards a drilling contract.

6. Investments

	October 31, 2021 \$	July 31, 2021 \$
Shares of public companies	1,018,063	782,297
Shares of private companies	5,773,988	3,351,248
	<u>6,792,051</u>	<u>4,133,545</u>

Continuity

	Shares of public companies \$	Shares of private companies \$	Total \$
Balance, July 31, 2019	102,223	60,059	162,282
Acquisitions	–	825,530	825,530
Change in fair value	–	80,260	80,260
Balance, July 31, 2020	102,223	965,849	1,068,072
Acquisitions	1,300,000	2,665,000	2,965,000
Distribution of shares received from GBC Grand	197,538	–	197,538
Change in fair value	(817,464)	(285,421)	(1,102,885)
Foreign exchange gain	–	5,818	5,818
Balance, July 31, 2021	782,297	3,351,248	4,133,545
Acquisitions	–	2,606,400	2,606,400
Change in fair value	235,765	(85,945)	149,820
Foreign exchange (loss)	–	(97,712)	(97,712)
Balance, October 31, 2021	<u>1,018,063</u>	<u>5,773,988</u>	<u>6,792,051</u>

Carrying values

	October 31, 2021 \$	July 31, 2021 \$
Public		
Queensland (TSXV: OZAU)	69,511	102,223
St-Georges (CSE: SX)	860,000	520,000
TRU Precious Metals (TSXV:TRU)	88,552	160,074
	<hr/> 1,018,063	<hr/> 782,297
Private		
Lonsdale	120,778	198,840
Reliable	28,852	28,852
Inside Bay Street	1	1
Staminier	444,851	452,736
Beelivery	4,245,500	1,734,300
Codikcoat	934,006	936,519
	<hr/> 5,773,988	<hr/> 3,351,248

Shares of public companies are measured at fair value based on the quoted market price at the date of the consolidated statement of financial position.

Shares in private companies are recorded at fair value based on the estimated value of the underlying assets and liabilities of the entities, the implied value based on recent financing transactions or cost, where the Company only recently acquired the investment and there has been no change in the conditions pertaining to the investee company.

St-Georges Eco-Mining Corp.

The Company had an option to purchase an additional 500,000 shares until September 28, 2021 at a price equal to the greater of the closing price on September 11, 2021 and \$0.50 per common share, with the purchase price to be paid by the Company issuing common shares at a price equal to the greater of the closing price of the Company's shares on September 11, 2021 and \$0.45 per common share. The option expired on September 28, 2021.

Staminier Limited ("Staminier")

The Company owns a 19% interest in Staminier (July 31, 2021 – 19%), a United Kingdom-based merchant banking business whose overall strategy is to (a) acquire substantial interests in undervalued fast-growing companies with at least five years of profitability and proven cash flow and (b) provide private and public companies with business advisory, corporate finance and marketing services.

As consideration for its 19% interest in Staminier, the Company issued 22,494,262 common shares recorded at a value of \$825,539, being the estimated fair value of the investment. The fair value was estimated based on the fair value of the assets and liabilities held by Staminier. The purchase price is subject to reduction for any reduction in the net asset value of Staminier between July 31, 2019 and the date of the exercise of the call option or put option described herein.

Subject to the Company complying with regulatory requirements, including the possible filing of a prospectus, the Company has a call option to acquire the remaining 81% of Staminier ("Call Option") in consideration of the issue of 87,789,202 5-year non-interest bearing, non-voting convertible loan notes which grants the holder the right to convert each loan note into one common share at a conversion price of \$0.0367 per common share.

Staminier has a put option to sell the remaining 81% of Staminier to the ("Put Option") in consideration of the issue of 87,789,202 5-year non-interest bearing, non-voting convertible loan notes which may be converted into common shares at a conversion price of \$0.0367 per common share. Until such time as the Company files a prospectus, the notes cannot be converted if any conversion would result in the noteholders owning more than 45% of the outstanding common shares of the Company. Provided the net asset value of Staminier is not less than £2,250,000, the Company undertakes to file a prospectus within 90 days of a request to do so by the noteholders.

Until December 11, 2021 (extended from September 11, 2021) a shareholder of Staminier will have a call option to purchase up to 9,763,073 common shares of the Company owned by a shareholder for \$0.30 per common share. The call option expired December 11, 2021.

The Company has not exercised the Call Option and the term of the Call Option has been extended several times. After the Company acquired its 19% interest, Staminier was working to complete a £10,000,000 (C\$17,000,000) convertible loan financing (“Convertible Loan”) with £5,000,000 to be provided by The Future Fund (“Fund”). The Fund is a UK government program to support UK-based companies, subject to at least equal match funding from private investors.

Pending the closing of the Convertible Loan, the Company did not exercise the Call Option to allow Staminier to complete the Convertible Loan, as the Fund was not able to invest in either a publicly listed company or a subsidiary of another company.

After the closing of the Financing in April 2021, the Company has not exercised the Call Option as the terms of the Convertible Loan provide that a change of control of Staminier prior to conversion of the Convertible Loan, would require Staminier to immediately repay the Convertible Loan plus a 100% premium. As the situation stands at the moment, the exercise of the Call Option would cause a change of control of Staminier.

The consent of the Future Fund was sought for the Company to be able to exercise the Call Option without triggering the immediate requirement for the Company to repay the Convertible Loan. The Company and Staminier have informally agreed to extend the term for the Call Option to provide the time to obtain consent of the Fund.

Beelivery

On June 25, 2021, the Company entered into a definitive investment agreement to acquire a 25.833% interest in Beelivery, a UK-based, fast-growing online grocery delivery platform. Pursuant to the Investment agreement, the Company will acquire a 5.833% interest in Beelivery for £2,500,680 (“Initial Subscription”), of which, £1,000,000 (C\$1,725,000) has been paid (“Tranche 1”) and £1,500,000 (C\$2,606,400) was paid by September 1, 2021 (“Tranche 2”).

The Company has an option to acquire an additional 20% interest in Beelivery for £40,000,000 by subscribing for new shares and/or acquiring existing ones from shareholders until June 25, 2023 and Beelivery (or the selling Beelivery shareholders) has the option to require the Company to pay the £40,000,000 in cash or by issuing common shares of the Company at \$2.00 per share.

For the purposes of financing Tranche 1, Staminier advanced a loan of £600,000 for the Company (note 8). The loan bears interest at 7.5% per annum unless the Company completes the Acquisition, in which case, no interest will be payable. In the event of a default in payment of the loan, interest shall apply to the principal and interest due at the time of default. The loan will be repayable on the earlier of when the Company raises more than \$5,200,000 from the issue of common shares and December 31, 2022. The Company granted Staminier a security interest in its investment in Beelivery.

For the purposes of financing Tranche 2, Staminier advanced a loan of £1,500,000 for the Company (note 8). The loan bears interest at 7.5% per annum unless the Company completes the Acquisition, in which case, no interest will be payable. In the event of a default in payment of the loan, interest shall apply to the principal and interest due at the time of default. The loan will be repayable on the earlier of when the Company raises more than \$5,200,000 from the issue of common shares and December 31, 2022. The Company granted Staminier a security interest in the investment in Beelivery.

Codikoat

The Company owns a 5% interest in Codikoat (July 31, 2021 - 5%) and has the right to invest up to US\$10,000,000 by way of one or more funding rounds or outside of a funding round, to acquire an additional 10% interest in Codikoat until June 23, 2022. The subscription price is to be the lower of the price per share offered to other investors in the round and such price per share as values the entire fully diluted share capital of Codikoat at \$100,000,000. In respect of a subscription outside of a funding round, the subscription price is to be such price per share as values the entire fully diluted share capital of Codikoat at US\$100,00,000.

7. Investment in associate, Flex

As at October 31, 2021, the Company held 25% interest in Flex (July 31, 2021 - 25%).

	\$
Balance, July 31, 2021	386,505
Accretion	3,086
Share of loss	(17,766)
Balance, October 31, 2021	371,824

On March 25, 2021, the Company purchased a 5% interest in Flex for \$100,000 and entered into an investment agreement to subscribe for new ordinary shares representing a 20% interest in Flex for \$300,000. On April 15, 2021 (“Share Issue Date”), the ordinary shares were issued and the subscription price was payable in 6 instalments of \$50,000 within 4, 8, 12, 16, 20 and 24 weeks after the Share Issue Date. Up to October 31, 2021, the Company made instalment payments of \$150,000 and subsequently, the remaining instalments of \$150,000 were made.

The following is a summary of the statement of loss of Flex for the period from August 1, 2021 to October 31, 2021:

	\$
Expenses	
Application development costs	71,064
Loss	(71,064)

8. Due to Staminier

	October 31, 2021 \$	July 31, 2021 \$
Canadian dollar loan		488,216
British pound sterling loan		1,063,482
		<u>1,551,698</u>

Canadian dollar loan

	\$
Balance, July 31, 2021	488,216
Interest	3,000
Balance, October 31, 2021	<u>491,216</u>

In consideration of the Company acquiring an interest in Staminier, Staminier provided the Company with an unsecured line of credit of \$480,000 for general working capital purposes. Initially, \$240,000 (“Initial Loan”) was advanced and as the Company was using its best efforts to acquire the remaining 81% interest in Staminier (“Acquisition”), an additional \$240,000 (“Supplementary Loan”) was advanced. The Initial Loan bears interest at 5% per annum paid quarterly and in the event the Company completes the Acquisition, the Initial Loan will be interest free. The Supplementary Loan will be interest free. In the event that the Company does not complete the Acquisition, the Initial Loan and Supplementary Loan (collectively, “Loans”) shall be repaid on the earlier of the Company raising more than \$1,000,000 from the issue of common shares and December 31, 2022 (extended from December 31, 2021). In the event that the Company completes the Acquisition, the Loans shall be repaid on the earlier of the Company raising more than \$1,000,000 from the issue of common shares and December 31, 2022. The loans are secured by a fixed charge over all the assets of the Company.

At October 31, 2021, the Loans were reclassified from a current liability to a non-current liability.

British pound sterling loan

	£	\$
Balance, July 31, 2021	604,562	1,063,483
Advanced	1,500,000	2,606,400
Interest	29,836	51,556
Foreign exchange loss	–	(96,807)
Balance, October 31, 2021	<u>2,134,397</u>	<u>3,624,633</u>

On June 24, 2021, Staminier advanced a loan of £600,000 for the Company to fund its obligation to acquire an interest in Beelivery (note 6). The loan bears interest at 7.5% per annum unless the Company completes the Acquisition, in which case, no interest will be payable. In the event of a default in payment of the loan, interest shall apply to the principal and interest due at the time of default. The loan will be repayable on the earlier of when the Company raises more than \$5,200,000 from the issue of common shares and December 31, 2022. The loan is secured by a security interest in the investment in Beelivery

On September 1, 2021, the Company completed Tranche 2 of the acquisition of an interest in Beelivery (note 6). For the purposes of financing Tranche 2, Staminier advanced a loan of £1,500,000 for the Company. The loan bears interest at 7.5% per annum unless the Company completes the Acquisition, in which case, no interest will be payable. In the event of a default in payment of the loan, interest shall apply to the principal and interest due at the time of default. The loan will be repayable on the earlier of when the Company raises more than \$5,200,000 from the issue of common shares and December 31, 2022. The Company granted Staminier a security interest in the investment in Beelivery.

9. Due to related parties

Due to related parties includes amounts due to companies with directors, officers and shareholders in common. These amounts are unsecured, non-interest bearing and due on demand.

On March 15, 2021, the Company issued common shares in settlement of \$69, 218 due to a related party. See note 13.

10. Canada Emergency Business Account loan

	\$
Balance, July 31, 2021	30,475
Accretion	9,525
Repayment	(40,000)
Balance, October 31, 2021	–

11. Convertible loans due to related parties

	\$
Balance, July 31, 2021	665,358
Interest	4,933
Balance, October 31, 2021	670,291

From September 11, 2020 to March 11, 2025, the Convertible Loans are convertible at the option of the holder into common shares at a conversion price equal to the greater of \$0.30 per common share and the closing price of the Company's common shares on the conversion date. On March 11, 2025, the Company has the option to redeem the Convertible Loans for cash or require conversion of the Convertible Loans into common shares at a conversion price of \$0.30 per common share, providing that the common shares are still listed for trading on the Canadian Stock Exchange or equivalent exchange.

12. Share capital

Authorized

An unlimited number of common shares without par value

An unlimited number of \$0.33 Series C non-voting preferred shares.

Issued

Common shares

The number of issued common shares at October 31, 2021 and July 31, 2021 includes 150,000 common shares that are held by the Company's subsidiary, Blockchain and 100,842 common shares that are held by the Company's subsidiary, Ubique, which have been treated as treasury shares and excluded from the number of outstanding common shares.

Preferred shares

At October 31, 2020 and April 30, 2021, there were no issued preferred shares outstanding.

Warrants

A continuity of the Company's outstanding warrants is presented below:

	Expiry date	Weighted- average exercise price \$	Number of warrants
Balance, July 31, 2021 and October 31, 2021	March 25, 2024	0.50	5,029,870

Stock options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis. The following table summarizes the activity in stock options over the period.

A continuity of the Company's outstanding stock options is presented below:

	Weighted-average exercise price \$	Number of stock options outstanding and exercisable
Balance, July 31, 2021 and October 31, 2021	0.38	5,200,000

A summary of the Company's outstanding stock options at October 31, 2021 is presented below:

Exercise price	Expiry date	Number of stock options
\$0.30	February 4, 2023	2,300,000
\$0.45	February 22, 2024	2,900,000
		5,200,000

13. Non-controlling interests

A continuity of the non-controlling interest by subsidiary is as follows:

	Blockchain \$	Kabaddi \$	Ubique \$	Buchans \$	Gander \$	Total \$
Balance, July 31, 2021	(112,888)	(34,042)	1,019,266	(55,775)	(14,970)	761,352
Shares issued by subsidiary	–	–	477,309	–	–	477,309
Share of net loss	(2,158)	(301)	(80,276)	(11,752)	(2,839)	(97,326)
Balance, October 31, 2021	(156,286)	(33,343)	1,416,295	(67,527)	(17,809)	1,141,335

At October 31, 2021, Ubique had assets of \$1,569,822 (July 31, 2021 - \$1,180,929) and liabilities of \$118,590 (July 31, 2021 - \$69,345) and for the 3 months ended October 31, 2021 incurred a net loss of \$137,660 (July 31, 2021 - \$29,744). At July 31, 2021, none of the other subsidiaries with a non-controlling interest had significant assets or operations.

14. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, accounts receivable, HST recoverable, due from related parties, accounts payable and accrued liabilities, due to Staminier, due to related parties and Canada Emergency Business Account loan at July 31, 2021 approximated their respective carrying value due to their short term to maturity. The convertible loans due to related parties are measured at fair value which was determined to be equivalent to face value as the holder can convert into shares of the Company at market on demand.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1: quoted prices in active markets for identical assets and liabilities;
- Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data

The Company's investments in public companies are considered Level 1 as these shares are traded in an active market.

The Company's investment in Lonsdale is considered Level 1 as the assets of Lonsdale consist entirely of shares of public companies that are traded in active markets.

The Company's investment in Staminier is considered Level 3 as it was determined based on the estimated fair value of Staminier's assets and liabilities, the majority of which are not traded in an active market and one of the assets requires unobservable inputs to measure. If the estimated fair value of this particular asset was to change by 10%, the value of the Company's investment in Staminier would increase or decrease by approximately \$44,485.

The Company's investments in Beelivery and Codikoat are considered Level 2 as the fair value was estimated based on the transaction price. The transaction price was determined to be the representative of fair value as there was no further equity transactions completed by these investee companies and there were no significant changes in the performance of these investee companies between the date of acquisition and the financial reporting period end date.

15. Financial risk management

The Company's activities expose it to a variety of financial risks that arise from its investment, exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash and due from related parties. The Company limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties.

The Company has no revenues and the continued operation of the Company is dependent upon the support of the Company's creditors and the Company's ability to secure equity financing, loans and advances from related parties or selling investments to meet its existing obligations and further its merchant banking activities (note 2).

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	Due to Flex	Due to Staminier	Due to related parties	Convertible loans due to related parties	Total
	\$	\$	\$	\$	\$	\$
Less than 1 year	448,402	150,000	–	227,491	–	825,893
1-5 years	–	–	4,115,848	–	670,291	4,786,139
Balance, October 31, 2021	448,402	150,000	4,115,848	227,491	670,291	5,612,032

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

The Company is exposed to equity price risk with respect to investments. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its investments in shares of public companies as at October 31, 2021 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$101,806.

Currency risk

Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company retains its cash in Canadian dollars until required for foreign currency transactions. Expenses are incurred in Canadian and British pound sterling. The Company is subject to gains and losses due to fluctuations in these currencies. At October 31, 2021, the Company has investments of £3,049,998 (\$5,289,612), accounts payable and accrued liabilities of £48,000 (C\$83,401) and due to Staminier of £2,134,397 (C\$3,701,685). The Company estimates that if the exchange rate between Canadian dollars and British pound sterling had changed by 5%, with all other variables held constant, the foreign exchange gain (loss) would have increased or decreased by \$75,000.

Interest rate risk

The Company's exposure to interest rate risk is limited due as the interest rates on due to Staminier, Canada Emergency Business Account loan and convertible loans due to related parties are fixed.

Capital management

Capital of the Company consists of common shares, reserve for warrants, contributed surplus, share-based payment reserve, foreign currency reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can make investments for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company has minimal revenue and the continued operation of the Company is dependent upon the support of the Company's creditors and the Company's ability to secure equity financing, loans and advances from related parties to meet its existing obligations and further its merchant banking activities (note 2). In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year

16. Related party transactions and disclosures

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended October 31,	
	2021	2020
	\$	\$
Exploration and evaluation	14,238	–
Director fees	16,000	–
Management fees incurred by:		
The Company	18,000	18,750
A subsidiary of the Company	21,000	21,000
	<u>69,238</u>	<u>39,750</u>

Transactions with other related parties

	3 months ended October 31,	
	2021	2020
	\$	\$
Revenue		
Consulting income from a company with common directors and shareholders	–	12,500
Expenses		
Consulting fees to a company controlled by a director of the Company	83,401	–
Transfer agent fees to Reliable, an investee company with common majority shareholders	11,780	6,577
Interest to Staminier, an investee company with common directors	54,556	–

Accounts payable and accrued liabilities includes \$82,240 owing to a company controlled by a director (July 31, 2021 - \$55,136).

See notes 9, 11 and 13 for other related party transactions.

17. Segmented information

The Company has three reportable segments: merchant banking, software development and mineral exploration (Year ended July 31, 2020 - four reportable segments: merchant banking, financial services, software development and mineral exploration).

The Company evaluates performance and allocates resources based on profit or loss from operations before income taxes as well as results from operating activities. All the operations are in North America hence no geographical segmental information is provided. Information on reportable segments is as follows:

	As at October 31,	As at July 31,
	2021	2021
	\$	\$
Segment assets		
Merchant banking	7,678,532	5,324,031
Software development	2,432	3,738
Mineral exploration	1,705,882	1,285,398
	<u>9,386,846</u>	<u>6,613,167</u>
Segment liabilities		
Merchant banking	5,312,224	2,779,472
Software development	186,185	182,208
Mineral exploration	153,591	97,969
	<u>5,652,000</u>	<u>3,059,649</u>
	3 months ended October 31,	
	2021	2020
	\$	\$
Revenue		
Merchant banking	50,000	–
Software development	–	–
Mineral exploration	–	–
	<u>50,000</u>	<u>–</u>
Segment income (loss)		
Merchant banking	(75,981)	(51,623)
Software development	(62,285)	(4,894)
Mineral exploration	(157,715)	(43,947)
	<u>(295,981)</u>	<u>(100,464)</u>