ANONYMOUS INTELLIGENCE COMPANY INC.
(formerly known as Cloud Nine Web3 Technologies Inc.)

CSE FORM 2A - LISTING STATEMENT

May 12, 2023

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Schedules:

- **Schedule A**: the audited annual consolidated financial statements for the years ended September 30, 2022 and 2021, together with the auditor's report thereon and the notes thereto; The audited annual consolidated financial statements for the years ended September 30, 2021 and 2020, together with the auditor's report thereon and the notes thereto;

- **Schedule B**: the management's discussion and analysis for the year ended September 30, 2022;

- **Schedule C**: the unaudited interim consolidated financial statements for the three months ended December 31, 2022 and 2021; and

- **Schedule D**: the management's discussion and analysis for the three months ended December 31, 2022 and 2021.

GLOSSARY OF TERMS

"**Argent Crypto**" means, Argent Crypto Inc., a British Columbia based cryptocurrency consulting company that may provide services to the Company pursuant to the Argent Services Agreement and is arm's length to the Company. See Section 4.1 "*Narrative Description of Business*".

"**Argent Monetization Strategy**" means the monetization strategy involving cryptocurrency mining services performed by Argent Crypto pursuant to the Argent Services Agreement that the Company may pursue in the future, as described in Section 4.1 "*Narrative Description of Business*".

"**Argent Services Agreement**" means the Services Agreement between the Company and Argent Crypto dated January 20, 2022, whereby Argent Crypto agreed to provide cryptocurrency mining services to the Company, which agreement was filed on SEDAR on January 21, 2022.

"**Asset Purchase Agreement**" means the Asset Purchase Agreement with Victory Square dated March 15, 2021, whereby Victory Square agreed to sell, and the Company agreed to buy, certain development stage intellectual property assets, which agreement was filed on SEDAR on August 31, 2021.

"BCBCA" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder.

"BCSC" means the British Columbia Securities Commission.

"Board of Directors" or **"Board"** means the board of directors of the Company as it may be comprised from time to time.

"**BVI FSC**" means the British Virgin Islands Financial Services Commission.

"CEO" means Chief Executive Officer.

"CFO" means Chief Financial Officer.

"**Change of Business**" means the Company's change of business to monetize its Limitless VPN by entering into arm's length agreements that will allow third parties to utilize the Hash Rate of the Limitless VPN's user base to mine cryptocurrencies. The Change of Business was completed on May 12, 2023, in accordance with CSE policies.

"Common Shares" means the common shares in the capital of the Company.

"Company" or **"Anonymous Intelligence" or "Issuer"** means Anonymous Intelligence Company Inc., formerly known as Cloud Nine Web3 Technologies Inc.

"COVID-19" means the novel strain of coronavirus, the outbreak of which began in 2019. See Section 3.3 "*Trends, Commitments Events or Uncertainties*" and Section 17 "*Risk Factors – COVID-19*".

"CSE" or **"Exchange"** means the Canadian Securities Exchange.

"DSUs" means Deferred Stock Units granted pursuant to the Equity Incentive Plan.

"Equity Incentive Plan" means the Issuer's Omnibus Equity Incentive Plan Company's attached to the Company's Management Information Circular dated August 3, 2021 and filed on SEDAR at www.sedar.com on August 13, 2021.

"**FINTRAC**" means the federal Financial Transactions and Reporting Analysis Centre of Canada.

“**FSC Guidance**” means the Guidance on Regulation of Virtual Assets in the Virgin Islands as issued by the BVI FSC.

“**Hash Rate**” means the unused computing processing power of the users of the Limitless VPN for the purpose of mining crypto assets.

“**IIROC**” means the Investment Industry Regulatory Organization of Canada.

“**Kraken**” means Payward Inc., a California based financial services company that does business as Kraken Digital Asset Exchange and is arm’s-length to Anonymous Intelligence.

"Limitless VPN" means the Company’s virtual private network platform.

"Listing Statement" means this CSE Form 2A Listing Statement of the Issuer, and all schedules included herein, prepared in connection with the Change of Business, as may be amended, restated or supplemented from time to time.

"MD&A" means Management Discussion and Analysis.

“**Next Decentrum**” means Next Decentrum Technologies Inc., a private British Columbia corporation that is arm’s length to the Company.

"NEO" means Named Executive Officers.

“**Newton**” means Newton Crypto Ltd., an Ontario based company that is arm’s length to Anonymous Intelligence and operates as a crypto asset trading platform.

“**NI 41-101**” means National Instrument 41-101 *General Prospectus Requirements.*

“**NI 45-106**” means National Instrument 45-106 *Prospectus Exemptions.*

“**NiceHash**” means NICEHASH Ltd., a British Virgin Islands based company that is arm’s-length to Anonymous Intelligence and operates as a hash rate broker and hash rate marketplace.

"Odyssey" means Odyssey Trust Company.

"Options" means all outstanding stock options granted pursuant to the Equity Incentive Plan.

"Person" means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any government.

"PSUs" means Performance Stock Units granted pursuant to the Equity Incentive Plan.

"RSUs" means Restricted Stock Units granted pursuant to the Equity Incentive Plan.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Victory Square**” means Victory Square Technologies Inc.

“**VPN**” means virtual private network and is a device that establishes a protected network connection when using public networks by encrypting a user’s internet traffic and disguising a user’s online identity.

FORWARD-LOOKING STATEMENTS

The Listing Statement contains certain information that may constitute forward-looking information and forward-looking statements as such terms are defined under applicable securities laws (collectively, the "Forward-Looking Statements") which are based on management's current internal expectations, estimates, projections, assumptions and beliefs. Forward-Looking Statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate", and other similar words, including negative and grammatical variations thereof. The Forward-Looking Statements may include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance and other statements that are not statements of fact. The Forward-Looking Statements are made only as of the date of this Listing Statement. The Forward-Looking Statements include, but are not limited to, statements with respect to:

- timelines;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's available funds and proposed use of those funds;
- the Company's business objectives and milestones;
- the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's future growth plans, including growth of its userbase;
- the Company's expectations with respect to advancement of its business, technology, operations, products and services, including its monetization strategies;
- the Company's ability to attract new customers and develop and maintain existing customers;
- the Company's competitive position;
- COVID-19 pandemic and other global health pandemics and events that could substantially affect the Company's business; and
- anticipated trends and challenges in the Company's business.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward- Looking Statements as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to, risks related to: (i) the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market and regulatory conditions in which the Company operates; (iii) advancement of technology to support the Company's operations; (iv) customer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's products and operations, including privacy, cryptocurrency and cybersecurity laws and regulations; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company's plans and timeframe for completion of such plans.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward- Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this Listing Statement or the documents incorporated by reference herein is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Anonymous Intelligence has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Currency

All dollar amounts in this Listing Statement are in Canadian dollars unless otherwise indicated, and all references to $ in this Listing Statement are to Canadian dollars unless otherwise indicated.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

Anonymous Intelligence was incorporated as "Anterior Education Holdings Ltd." under the laws of the Province of British Columbia on April 14, 2015. The Company subsequently changed its name to "Cloud Nine Education Group Ltd." on March 30, 2016. The Company further changed its name to "Limitless Blockchain Technologies Inc." on February 18, 2021. On February 26, 2021, the Issuer filed article of amendment to change its name to, "Cloud Nine Web3 Technologies Inc.". On May 3, 2023, the Issuer further changed its name to “Anonymous Intelligence Company Inc.”.

The registered office of the Company is located at 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 and the head office is located at 610 - 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

The Company’s Common Shares became listed on the CSE on December 1, 2016. The Common Shares are listed on the CSE under the symbol “ANON”. The Common Shares are also quoted on the OTCQB under the symbol “CLGUF” and listed on the Frankfurt Stock Exchange under the symbol “1JI0”. Anonymous Intelligence is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

On May 12, 2023, the Company completed the Change of Business following shareholder approval of the Change of Business at the annual general and special meeting of the Company’s shareholders on May 3, 2023.

2.2 Jurisdiction of Incorporation

Anonymous Intelligence was formed pursuant to articles of incorporation under the BCBCA.

2.3 Inter-corporate Relationships

Anonymous Intelligence has no active subsidiaries. The following are the intercorporate relationships between Anonymous Intelligence and its two inactive subsidiaries:

- BHR Capital Corp., a wholly-owned subsidiary of Anonymous Intelligence incorporated in the Province of British Columbia under the BCBCA on December 3, 2014, under incorporation number BC1020797; and

- English Canada World Organization Inc., a wholly-owned subsidiary of BHR Capital Corp. incorporated in the Province of Nova Scotia on November 27, 2003, under the Business Corporations Act of Nova Scotia.

2.4 Fundamental Change

The Issuer has not requalified in connection with a fundamental change and is not proposing an acquisition, amalgamation, merger, reorganization or arrangement. The Issuer has completed the Change of Business. There were no changes to its intercorporate relationships set out in Section 2.3 upon the Change of Business.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Anonymous Intelligence was incorporated in the Province of British Columbia on April 14, 2015, under the BCBCA. The primary office of Anonymous Intelligence is located at 610 – 700 West Pender Street, Vancouver, British Columbia V6C 1G8.

Effective June 10, 2015, the Company completed a plan of arrangement with BHR Capital Corp. ("**BHR**") and Cervantes Capital Corp., whereby the Company became a reporting issuer. Following the closing of the plan of arrangement, the Company's principal business was the development, marketing and sale of its proprietary, cloud-based digital English as a Second Language (ESL) curriculum, designed to be used by teachers to teach beginners to advanced English to students aged 15 years and older. The digital curriculum was able to be used by universities, schools, and English learning centers to replace or augment textbook learning systems. The Company has written down such legacy assets and is looking at strategic alternatives to divest them following the Change of Business.

During the COVID-19 pandemic, the Company's focus shifted from product development through external consultants and the acquisition of assets to complement its existing platform, to capital preservation and the restructuring of its business operations. The Company's management team had to temporarily suspend discussions related to the vending in of new technologies to support the Cloud Nine Education Platform due in part to travel restrictions resulting from the COVID-19 pandemic.

On February 26, 2021, the Company changed its name to "Cloud Nine Web3 Technologies Inc.". Along with the name change, the Company adopted a new brand and launched its new website, cloud9web3.com. There was no change to Cloud Nine's capitalization structure and trading symbol as a result of the name change. The Company further changed its name to "Anonymous Intelligence Company Inc." on May 3, 2023.

Pursuant to the Asset Purchase Agreement dated March 15, 2021, the Company completed the acquisition of certain development stage intellectual property assets which were branded as the "Limitless VPN". Following the acquisition, the Company engaged in the development of the assets to create a marketable product for use by the public.

On June 28, 2021, the Company entered into strategic alliance, investor rights and share purchase agreements with Next Decentrum, each dated June 25, 2021. In accordance with the terms and conditions of the purchase agreement, Anonymous Intelligence provided a total cash payment of $500,000 in eight tranches over a period of six months, in exchange for the issuance of an aggregate of 2,673,792 units of Next Decentrum, at a price of $0.187 per unit. Each unit is comprised of: (i) one common share of Next Decentrum, and (ii) one non-transferable common share purchase warrant, with each warrant entitling Anonymous Intelligence to acquire one additional common share of Next Decentrum at a price of $0.2805 per share for a period of 24 months from the date of issuance. Anonymous Intelligence completed its investment on December 31, 2021. On June 30, 2022, the investor rights agreement with Next Decentrum was cancelled, and as of September 30, 2022, the Company's ownership interest in Next Decentrum was at 7.66%. Anonymous Intelligence's ownership interest may increase to up to 13.8% on the exercise of up to 2,673,792 warrants of Next Decentrum for an additional investment of up to $750,000. The expiry date of these warrants has been extended to December 31, 2026. The strategic alliance agreement continues to be in place between the Company and Next Decentrum, although Next Decentrum has not been engaged to provide any services for the Company since entering into the agreement.

On September 23, 2021, the Company announced the initial release of its Limitless VPN to the public and commenced marketing the product to increase its userbase. During the end of 2021, the Company also offered free and reduced EdTech content and an Email Education Course Platform through its website to drive its user base and promote its Limitless VPN. In the Spring of 2022, the Company ceased marketing its EdTech content and the Email Education Course Platform, instead focusing on monetizing the Limitless VPN by entering into arm's length agreements that will allow third parties to utilize the Hash Rate of the Limitless VPN's user base to mine cryptocurrencies.

In January, 2022, the Company entered into the Argent Services Agreement with Argent Crypto, an arm's length party, whereby Argent Crypto agreed to utilize the unused computing processing power of the users of Anonymous Intelligence's Limitless VPN (the "**Hash Rate**") to mine digital assets, collect digital assets from such activity and convert such assets into Canadian dollars on behalf of the Company. Argent Crypto is a cryptocurrency consulting company incorporated in British Columbia and registered as a "money services business" (MSB) with FINTRAC, and has the ability to provide cryptocurrency mining services. To date, the Company has not provided its Hash Rate to Argent Crypto to mine cryptocurrencies under the Argent Services Agreement.

Subsequently to entering the Argent Services Agreement, the Company determined in August 2022 to initially pursue a monetization strategy involving NICEHASH Ltd. ("**NiceHash**"), which is based in the British Virgin Islands and is an arm's-length company to Anonymous Intelligence that operates as a hash rate broker and hash rate marketplace. The monetization strategy involving NiceHash is explained in detail under the heading *Monetization of Limitless VPN* in Section 4.1 (Narrative Description of Business) below. The Company intends to pursue the NiceHash monetization strategy for at least one year from the date of the Listing Statement. The Company may still choose to pursue a monetization strategy involving Argent Crypto and the Argent Services Agreement at a later date. Details as to what a monetization strategy involving Argent Crypto would entail are also contained under the heading *Monetization of Limitless VPN* below.

On April 24, 2023, the Company closed a private placement raising gross proceeds of $660,780 through the issuance of 13,215,600 units at a price of $0.05 per unit, each unit consisting of one Common Share and one share purchase warrant, each share purchase warrant of which is exercisable into a Common Share at the price of $0.06 until expiry on April 24, 2028. In the event that the Common Shares trade at a price of $0.15 or above for ten (10) consecutive trading days, the Company may, at its option, accelerate the warrant expiry date by providing notice of acceleration to the warrant holders by way of a news release, following which the warrants will expire on the 30th day from the date of the acceleration notice.

The Company received shareholder approval at its annual general and special meeting held on May 3, 2023 for the Change of Business. The Change of Business was completed on May 12, 2023.

3.2 Significant Acquisitions and Dispositions

There has been no significant acquisition completed by the Company nor has there been any significant probable acquisition proposed by the Company, for which financial statements would be required under NI 41-101 if this Listing Statement were a prospectus.

There has been no significant disposition completed by the Company during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under NI 41-101 if this Listing Statement were a prospectus.

3.3 Trends, Commitments, Events or Uncertainties

The Company anticipates an increasing level of regulation on cryptocurrency mining activities and the cryptocurrency industry in general including registration, monitoring, and enforcement. The Company also expects an increasing risk of cyber security attacks and instances of theft and fraud on cryptocurrency custodians and exchanges. In Canada, disclosure expectations regarding reporting issuers with crypto assets are outlined in Canadian Securities Association Staff Notice 51-363 – *Observations on Disclosure by Crypto Assets Reporting Issuers*, dated March 11, 2021. Custodians of crypto assets are required to either be a Canadian financial institution (as defined in NI 45-106) or a foreign equivalent. If a Canadian custodian is not so registered, Canadian custodians are required to provide a pre-registration undertaking pursuant to the Canadian Securities Administrators' announcement on August 15, 2022. The Canadian custodian must have been granted relief to distribute crypto contracts and operate a platform in Canada that facilitates the buying, selling and holding of crypto assets while seeking registration as an investment dealer and membership with IIROC.[1] Regulations are increasing outside of Canada as well.

In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was reported in China and subsequently spread to numerous other countries, including Canada. The extent to which the coronavirus impacts the business of the Issuer is highly uncertain and cannot be accurately predicted and will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain COVID-19 or remedy its impact, among others. As a result of COVID-19, unfavourable global conditions could adversely affect the Company's business, financial condition or results of operations. Results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. The most recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn, such as the most recent global financial crisis, could result in a variety of risks to the Company's business, including weakened demand for the Company's ability to raise additional capital when needed on acceptable terms, if at all. COVID-19 may also affect the ability of our existing employees and consultants to perform their work if they were to test positive and have severe symptoms. Any of the foregoing could harm the Company's business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact the Issuer's business.

Other than as stated above and as disclosed in Section 17 entitled "Risk Factors", there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's business, financial condition or results of operations. There are significant risks associated with the business of the Company (see *Section 17 – Risk Factors*).

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 Narrative Description of Business

The Company is a technology enabled virtual private network ("**VPN**") provider focused on monetizing its Limitless VPN by entering into arm's length agreements that allow third parties to utilize the Hash Rate of the Limitless VPN's userbase to mine cryptocurrencies. The Company's current sole product is the Limitless VPN (described in detail under *Product* below) which is currently functional and offered to the public.

The Company currently offers the Limitless VPN to the public without charge. Users who wish to use the Limitless VPN are required to agree to the Company's terms of use and privacy policies as described below under the headings "Privacy Policy", "Terms of Use – Generally" and "Terms of Use – Limitless VPN". Users receive the benefit of secure and encrypted connection to the internet provided by the Limitless VPN in exchange for the Company being able to access and use the user's unused computing power (*see Limitless VPN – Background* below).

The Company does not mine and does not intend to mine cryptocurrencies but intends to monetize its Limitless VPN by allowing third parties to use the Hash Rate of the Limitless VPN's userbase to mine cryptocurrencies (see *Monetization of Limitless VPN* below). The Company is in the pre-revenue phase as business efforts to date have focused on growing the Company's VPN userbase to generate a sufficient Hash Rate for cryptocurrency mining

[1] Ontario Securities Commission, Decision, August 15, 2022, https://www.osc.ca/en/securities-law/orders-rulings-decisions/newton-crypto-ltd.

operations. The Company is not acting and will not act as an exchange, is not offering and will not offer coins or tokens, nor is it acting nor will it act as a platform that facilitates the trading of crypto assets that are securities or instruments or contracts involving crypto assets. As of the date hereof, the Company has 31,078 active registered users of the Company's Limitless VPN. The Company considers active registered users as those persons who provide the Company with full time access to their hardware at a sufficient Hash Rate to generate operations. Those users who do not provide full time access or who have outdated or legacy hardware are not considered active registered users by the Company.

Product

The Limitless VPN is a proprietary product owned by the Company and offered to users which relates to the usage of network infrastructure to perform distributed computational processing and to provide the user secure and encrypted connection to the internet. The initial version of the Limitless VPN (www.limitlessvpn.com) was released and made available to the public on September 23, 2021.

The Limitless VPN consists of a novel process for utilizing the Hash Rate that computers and mobile devices have to perform distributed computational processing within a network infrastructure while providing secure and encrypted access to the internet. When a user connects to a network infrastructure, which can be implemented either in hardware or software form, a process is used to evaluate the user's unused computational power. One potential embodiment of a hardware-implemented network infrastructure is a connection to a carrier or internet service provider's physical network.

The Company's software intelligently monitors users' computers to check on resource availability and ensure the Company's program never interferes with the main user's day to day activities. As a privacy first company, the Company currently manually checks and validates all sign ups, and is developing a secure algorithm to automate and accelerate the process. As the Company expands, it intends to add additional personnel. However, the Company has determined it does not need to do so at this time.

Limitless VPN - Background

Networks enable the average person to connect to the internet by routing the computer's connection through to network infrastructures located nearby. Historically, there has been little to no encryption and security measures in place to protect the data that is being transferred back and forth between the user's computer to the end server. This means that the connection is easily intercepted. With the evolution of internet tracking tools, random packets of user data now turn into identifiable packets of user data, tracking search history, browsing history, shopping history, communication history and any sort of data consumption. The use of identifiable user data allows big data companies, internet service providers and advertising and marketing agencies to sell and exchange a user's data in order to profit from the information.

Network infrastructures exist to protect user privacy by encrypting packets of data being transferred from the user's connection to the internet. Network infrastructures have both hardware and software implementation as users can own private physical hardware servers or use software implemented network to re-route their connection through an encrypted connection tunnel.

However, the process of setting up and running a personal network infrastructure can be technically challenging and expensive for the average user who simply does not have technical capabilities or resources to implement the solution.

In recent years, new network infrastructures have been introduced in the market to allow users to plug in a new hardware server and install hardware-specific software to activate or even simply install end user software to connect through a software implemented network with a click of a button through a software graphical user interface.

These new services and products allow users to safely connect through to the internet at a monetary cost. Others may allow for the user to use a service for free, but at the cost of losing true end to end encryption and privacy. Many of these service providers sell the data of the end user to the highest bidder or sell the bandwidth of those connected to the software implemented network or worse, allow other users of the software implemented network to share the user's internet protocol which is your identifiable digital footprint in the network. This can mean that others can conduct activities on the internet that may be traced back to the incorrect, unsuspecting user.

All electronic devices have both a Central Processing Unit (CPU) and a Graphics Processing Unit (GPU). These two devices are central to a computer to be able to carry out the instructions of a computer program and rapidly manipulate and alter memory to create images in a frame buffer to output to a display device, respectively. As computers and mobile devices become more exponentially powerful with increased computational power, the processing power required to perform normal daily tasks have a relatively small increase in contrast to the performance increase. Thus, most end consumers do not require a majority of their processing power at any given time, leaving a large potential of underutilized pool of processing power.

Computational processing has generally been done on singular devices, servers, or enclosed networks. Distributed computational processing is the process of utilizing the computing power throughout the network infrastructure and spreading the workload through the network infrastructure, much like taking an entire puzzle and giving hundreds or thousands of computers small quadrants of the puzzle to solve. By breaking up a large problem to solve into many different quadrants, the puzzle gets solved quicker as the number of computers within the network infrastructure increases the number of solutions being attempted per second.

Cryptocurrencies are digital decentralized currency that uses cryptography as a means to create, transact and verify utilization. Each cryptocurrency has a unique method that defines each unique currency. However, a general common theme requires that the network maintain a public ledger in which new transactions are checked and verified by other members of the network via cryptography. This process is often referred to as mining due to the association of a reward in the form of newly minted cryptocurrency when a mining operation is complete, or solved. Verified transactions and newly created cryptocurrency are documented in the public ledger of each cryptocurrency. Public ledgers serve as an official record of all transactions that happened since the inception of the currency.

Cryptocurrency mining is an embodiment of the distributed computational processing. Cryptocurrency mining generally requires the utilization of physical computational hardware which is often both the CPUs and GPUs. Borrowing from the analogy of the puzzle above, these hardware components are tasked with attempting to fit every single puzzle piece to a single position and does not stop until a puzzle piece fits in that position. Then the computer moves on to the next puzzle position and tries to fit every single puzzle piece into that position, and so on and so forth until the completion of the entire puzzle. A reward is not awarded until the puzzle is complete.

Generally speaking, the average individual computer would take months, if not years, to solve a billion-piece puzzle. However, if multiple computers in a network infrastructure contributed their respective computing power, the puzzle gets solved quicker, and the user receives compensation for their contribution.

Monetization of Limitless VPN

The Company intends to monetize the Limitless VPN using NICEHASH Ltd. ("**NiceHash**"), which is an arm's-length company to Anonymous Intelligence that operates as a hash rate broker and hash rate marketplace. Under this strategy, Anonymous Intelligence intends to rent its Hash Rate to NiceHash in exchange for the consideration set out below. The Company intends to pursue this monetization strategy for a minimum of one year from the date of this Listing Statement. The steps involved in this process are as follows:

1. Anonymous Intelligence creates an online account for renting hash power on NiceHash pursuant to NiceHash's standard terms and conditions on NiceHash's website (the "**NiceHash Account**"). The online account includes access to a digital wallet hosted by NiceHash (the "**NiceHash Wallet**").

2. Anonymous Intelligence connects the unused computing power of Anonymous Intelligence's Limitless VPN

users to the NiceHash platform via an internal mining address provided by the NiceHash Account.

3. Anonymous Intelligence sets a price for using its Hash Rate and offers the Hash Rate for rent on the NiceHash platform. Anonymous Intelligence also determines which cryptocurrency the Hash Rate may be used to mine. Under this proposed monetization strategy, Anonymous Intelligence would offer the Hash Rate to mine the cryptocurrency Monero.

4. A third-party buyer on the NiceHash platform places an order for hash power to mine Monero. When making this order, the buyer also deposits an amount of cryptocurrency USD Coin with NiceHash that the buyer is willing to pay to rent the desired hash power.

5. NiceHash matches Anonymous Intelligence's offer with a corresponding buyer's order and pays Anonymous Intelligence in USD Coin for the rented Hash Rate, subject to NiceHash charging Anonymous Intelligence a fee of 2% of the deposit amount provided by the buyer. This fee may be reduced if the Company contributes larger amounts of Hash Rate to the NiceHash platform. NiceHash then sends the rented Hash Rate to a pool specified by the buyer and the buyer uses the Hash Rate to mine Monero. There is a risk at this stage that no comparable orders will be available to match the Company's offer to rent the Hash Rate (see also *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). If there are no orders available to match Anonymous Intelligence's offer, the offer remains outstanding until a corresponding order becomes available.

6. The USD Coin paid to Anonymous Intelligence for use of the Hash Rate is temporarily held by NiceHash in the NiceHash Wallet.

7. Every four hours, any USD Coin held in the NiceHash Wallet is automatically transferred to a digital wallet hosted by Newton Crypto Ltd. ("**Newton**", or the "**Newton Wallet**"), which is a Canadian crypto asset trading platform. Newton is arm's-length to Anonymous Intelligence, and to Anonymous Intelligence's knowledge, Newton and NiceHash are arm's-length parties to each other. Anonymous Intelligence's contractual relationship with Newton will be governed by Newton's standard terms of use available on Newton's website.

8. Anonymous Intelligence manually converts the USD Coin received from NiceHash and held in the Newton Wallet to US dollars on the first business day of the calendar month immediately following the calendar month in which the USD Coin is deposited in the Newton Wallet. The conversion is performed as follows:

    a. Anonymous Intelligence manually submits a sell order on the Newton exchange platform. The sell order seeks to exchange the total amount of USD Coin held in the Newton Wallet on the conversion date for US dollars at a rate of 1:1 USD Coin to US dollar (see "*Cryptocurrencies*" for discussion of conversion rate between USD Coin and US dollar). There is a risk at this stage that the prevailing market rate for USD Coin may not be 1:1 with the US dollar (see *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors* for discussion on the risk of USD Coin losing its peg to the US dollar).

    b. Newton matches the sell order with a corresponding buy order placed by another user on the Newton platform, and executes the transfer of USD Coin to the buyer while simultaneously transferring US dollars to the Newton Wallet. There is a risk at this stage that no comparable buy orders will be available to match the Company's sell order for USD Coin (see also *Failure of Cryptocurrency Exchanges* in *Section 17 – Risk Factors* and *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). If no corresponding buy order is available to match Anonymous Intelligence's sell order, the USD Coin will remain as USD Coin in the Newton Wallet until a corresponding buy order becomes available.

    c. Anonymous Intelligence manually transfers the resulting US dollars from the Newton Account to a bank account owned by the Company at a Canadian financial institution.

Anonymous Intelligence may consider an alternative monetization strategy at a later date which involves Argent Crypto using Anonymous Intelligence's Hash Rate in exchange for the consideration set out below (the "**Argent Monetization Strategy**"). Argent Crypto is a cryptocurrency consulting company that is arm's length to the Company and has the ability to provide cryptocurrency mining services. Anonymous Intelligence has entered into the Argent Services Agreement with Argent Crypto in anticipation of this monetization strategy, but there are currently no services being performed under the Argent Services Agreement. If Anonymous Intelligence opts to pursue the Argent Monetization Strategy, the procedure would be as follows:

1. Argent Crypto uses the Hash Rate to mine the cryptocurrency Monero.

2. Argent Crypto collects Monero from its mining activities (the "**Mining Proceeds**").

3. Argent Crypto stores the Mining Proceeds in a digital wallet (the "**Kraken Wallet**") hosted by Payward Inc., a financial services company that is arm's-length to Anonymous Intelligence and does business as Kraken Digital Asset Exchange ("**Kraken**"). To Anonymous Intelligence's knowledge, Argent Crypto and Kraken are arm's length parties to each other. Anonymous Intelligence has no independent agreement or contract with Kraken, and all services provided by Kraken are facilitated and authorized through Argent Crypto's contractual arrangement with Kraken.

4. Kraken temporarily holds the Mining Proceeds in the Kraken Wallet.

5. Argent Crypto converts the Mining Proceeds into Canadian dollars on the first business day of the calendar month immediately following the calendar month in which the Mining Proceeds were collected. The conversion is performed as follows:

    a. Argent Crypto manually submits a sell order on the Kraken exchange platform. The sell order seeks to exchange the total amount of Monero held in the Kraken Wallet on the conversion date for Canadian dollars at the prevailing market exchange rate for Monero to Canadian dollars. There is a risk at this stage that the exchange rate between Monero and the Canadian dollar is not favourable to the Company (see *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors* for discussion on risk of potential fluctuation of Monero's price relative to Canadian dollars).

    b. Kraken matches the sell order with a corresponding buy order placed by another user on the Kraken platform, and executes the transfer of Monero to the buyer while simultaneously transferring Canadian dollars to the Kraken Wallet. There is a risk at this stage that no comparable buy orders will be available to match Argent Crypto's sell order for Monero (see also *Failure of Cryptocurrency Exchanges* in *Section 17 – Risk Factors* and *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). If no corresponding buy order is available to match Argent Crypto's sell order, the Mining Proceeds will remain as Monero in the Kraken Wallet until a corresponding buy order becomes available.

6. Kraken temporarily holds the Canadian dollars received from the sale of the Mining Proceeds in the Kraken Wallet.

7. Immediately after exchanging the Mining Proceeds to Canadian dollars, Argent Crypto manually transfers, by way of wire transfer, 93% of the Canadian dollars held by Kraken to an account at a Canadian financial institution owned by Anonymous Intelligence.

Limitless VPN Security

The Limitless VPN currently uses military grade Advanced Encryption Standard (AES) 256-bit encryption protocols and primitives to ensure secure transmission of information across the network. The Company utilizes several protocols within its framework to facilitate secure transmission. Anything stored via decentralized storage among users of the Limitless VPN is secure as data is broken down into 'parcels' and stored in multiple locations across the network. Nothing being stored on the user's device can be accessed, as only a fraction of each file is stored on each system. Unpackaging and repackaging is handled via a modified CD erasure coding protocol. Furthermore, personal information and other information of the owner of the computer remains completely isolated from VPN access in the same way that occurs when one connects to the internet using industry standard practices of an internet service provider (in this case, as well, the user's system files remain private). The Limitless VPN adds layers of security and protection against outside data breach attacks for systems who are not otherwise running additional protection software.

Custody of Cryptocurrency Assets

The following table sets out material information related to the Company's proposed third-party custodians which may hold the Company's crypto assets, which information is expanded upon below the table:

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
Identity and location of third-party custodian	Argent Crypto is a cryptocurrency consulting company with a registered office at 4266 Richfield Terrace, Victoria, British Columbia, and business number 763078086BC0001. Argent Crypto is arm's length to the Company.	Kraken is a financial services company with a corporate address of 237 Kearny St, Suite 102, San Francisco, CA, 94108, United States, with a Canadian subsidiary located at 1100-1959 Upper Water Street, Halifax, Nova Scotia. Kraken is arm's length to the Company.	NiceHash is a hash rate broker and marketplace headquartered in the British Virgin Islands with an address of Intershore Chambers, Road Town, Tortola, VG1110, and company number 2048669. NiceHash is arm's length to the Company.	Newton is a non-reporting crypto asset trading platform with a registered office at 701-370 King St. W, Toronto, Ontario, extra-provincially registered in British Columbia under registration number A0118861 and business number 772001319BC0001. Newton is arm's length to the Company.
Identity and location of sub-custodians	N/A	N/A	BitGo Holdings, Inc. ("**BitGo**") is an arm's length digital asset trust company that provides institutional digital asset custody services. BitGo is a Delaware corporation with headquarters at 2443 Ash Street, Palo Alto, California, 94306, United States. Fireblocks is an arm's length digital asset wallet	Paradiso Ventures Inc., operating as Balance ("**Balance**"), is an arm's length digital asset custody service with a registered office address located at Toronto, Ontario. Etana Trust Company, doing business as Etana Custody ("**Etana Custody**"), is an arm's length fiat and digital asset custody service with an

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
			provider incorporated in Delaware and headquartered in New York. NICEX Ltd. (“**NiceX**”) is an arm’s length cryptocurrency exchange created by NiceHash. NiceX has an address located at Road Town, Tortola, British Virgin Islands.	address located at Denver, Colorado, United States. Coinbase Custody is an arm’s length digital asset custody service with an address located at New York, New York, United States. Coinbase Custody is licensed as a limited purpose trust company with the New York Department of Financial Services. Approximately 80% of Newton’s total client assets are held in cold storage by Coinbase Custody. Fireblocks Ltd. (“**Fireblocks**”) is an arm’s length digital asset wallet provider incorporated in Delaware and headquartered in New York. Newton has also licensed software from Digital Services Limited (trading as CoinCover) (“**CoinCover**”), an arm’s length party to the Company, to provide additional security for keys to crypto assets held by Newton using Fireblocks, including key pair creation, device access recovery and account access recovery. CoinCover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.
Services provided to the issuer by	Should the Company opt to pursue the	Should the Company opt to pursue the Argent	NiceHash operates a marketplace in which users can buy and sell hash	Newton provides a digital wallet which will hold USD Coin received from

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
the third-party custodian	Argent Monetization Strategy in the future, Argent Crypto may utilize Anonymous Intelligence's Hash Rate to mine Monero, collect Monero earned from such activity, and convert the collected Monero into Canadian dollars on behalf of the Company pursuant to the terms of the Argent Services Agreement.	Monetization Strategy in the future, Kraken provides a digital wallet which may hold Monero collected from Argent Crypto's mining activities for the period of time between collection of Monero and conversion to Canadian dollars. Kraken also provides a digital asset exchange where Argent Crypto may convert Monero to Canadian dollars. Argent Crypto will not use Kraken to trade, invest, or purchase crypto assets.	power necessary for crypto mining activities. Anonymous Intelligence intends to offer its Hash Rate for rent on the NiceHash platform and receive compensation from NiceHash in the form of USD Coin paid by other NiceHash users for use of the Hash Rate. Any USD Coin paid to Anonymous Intelligence in exchange for renting the HashRate on NiceHash will be held temporarily in a digital wallet hosted by NiceHash prior to being transferred to a digital wallet hosted by Newton.	NiceHash (see left). Newton also provides a digital asset exchange where Anonymous Intelligence may convert USD Coin to US dollars on the first day of each calendar month.
Whether the custodian is a Canadian financial institution (as defined in NI 45-106) or a foreign equivalent, and if so by whom the custodian is regulated	Argent Crypto is not a Canadian financial institution. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. Argent Crypto is registered with FINTRAC under registration	Kraken is not a Canadian financial institution. Kraken is a U.S.-based financial services company subject to the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311.	NiceHash is not a Canadian financial institution. NiceHash is incorporated under the *BVI Business Companies Act* of the British Virgin Islands. The British Virgin Islands does not currently have a regulatory framework for virtual assets or cryptocurrencies, although it is expected that the jurisdiction will in time develop a regulatory framework tailored specifically for virtual assets.[2] In the meantime, the BVI FSC has issued the	Newton is not a Canadian financial institution. Newton is a crypto asset trading platform business incorporated in Canada under the federal *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and is subject to Canadian securities regulation.

[2] Padarin, Michael and Daniel Moore, "Virtual assets regulation in BVI: Challenges and opportunities", Carey Olsen Offshore Law Firm, https://www.careyolsen.com/articles/virtual-assets-regulation-bvi-challenges-and-opportunities.

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
	number M22869906.		FSC Guidance outlining which types of crypto assets and activities are subject to the regulatory remit of the BVI FSC and other pertinent securities regulation.[3] A virtual asset that is used solely as a medium of exchange is not subject to the regulatory remit of the BVI FSC.[4] The Company's proposed use of the NiceHash platform relates only to virtual assets that are used solely as a medium of exchange.	
Whether the issuer is aware of anything with regards to the custodian's operations that would adversely affect the issuer's ability to obtain an unqualified audit opinion on its audited financial statements	Anonymous Intelligence is not aware of anything with regards to the operations of Argent Crypto that would adversely affect Anonymous Intelligence's ability to obtain an unqualified audit opinion on its audited financial statements.	Anonymous Intelligence is not aware of anything with regards to the operations of Kraken that would adversely affect Anonymous Intelligence's ability to obtain an unqualified audit opinion on its audited financial statements.	Anonymous Intelligence is not aware of anything with regards to the operations of NiceHash that would adversely affect Anonymous Intelligence's ability to obtain an unqualified audit opinion on its audited financial statements.	Anonymous Intelligence is not aware of anything with regards to the operations of Newton that would adversely affect Anonymous Intelligence's ability to obtain an unqualified audit opinion on its audited financial statements.
Whether the custodian is a related party of the issuer	Argent Crypto is not a related party of Anonymous Intelligence.	Kraken is not a related party of Anonymous Intelligence.	NiceHash is not a related party of Anonymous Intelligence.	Newton is not a related party of Anonymous Intelligence.
The quantity or percentage of	Should the Company opt to pursue the	Should the Company opt to pursue the Argent	There will be no crypto assets held by NiceHash at any reporting period end	The amount of crypto assets held by Newton at each reporting period end

[3] BVI FSC Guidance on Regulation of Virtual Assets in the Virgin Islands, https://www.bvifsc.vg/sites/default/files/guidance_on_regulation_of_virtual_assets_in_the_virgin_islands_bvi_final.pdf.

[4] BVI FSC Guidance, *supra* note 3.

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
the issuer's crypto assets held by the custodian as at each reporting period end date	Argent Monetization Strategy, there will be no crypto assets held by Argent Crypto at any reporting period end date. All crypto assets (ie. Monero) that Argent Crypto may collect through mining activities will be held by Kraken in the Kraken Wallet.	Monetization Strategy, the amount of crypto assets held by Kraken at each reporting period end date will depend on the amount of Monero collected by Argent Crypto in the calendar month immediately preceding the respective reporting period end date.	date. Any crypto assets (ie. USD Coin) held by NiceHash will be automatically transferred from the NiceHash Wallet to the Newton Wallet every four hours using NiceHash's "pay-per-share" system.	date will depend on the amount of USD Coin received from NiceHash in the calendar month immediately preceding the respective reporting period end date.
Whether the crypto assets held by the custodian are insured and any limitations on the custodian's liability in the event of the loss or theft of the issuer's crypto assets	Should the Company opt to pursue the Argent Monetization Strategy, any crypto assets held by Kraken for Argent Crypto will not be insured, and Argent Crypto bears no liability for loss or theft of crypto assets held in the Kraken Wallet.	Should the Company opt to pursue the Argent Monetization Strategy, any crypto assets held by Kraken will not be insured, and Kraken bears no liability for loss or theft of crypto assets held in the Kraken Wallet.	Crypto assets held by NiceHash are not insured. NiceHash bears no liability for loss or theft of crypto assets held in the NiceHash Wallet. NiceHash has reimbursed users for losses due to a prior theft, as they have fully repaid all crypto assets stolen in a 2017 security breach (see below).	Crypto assets held by Newton are not insured, and Newton bears no liability for loss or theft of crypto assets held in the Newton Wallet. Newton has obtained a guarantee from CoinCover for 100% of the client assets held with sub-custodian Fireblocks, excluding losses arising from the gross negligence, willful misconduct or fraud of an employee or representative of Newton. The guarantee covers the theft or loss of crypto assets and also includes a software technology solution which monitors and limits transactions and prevents funds from being maliciously taken from Fireblocks wallets. The total aggregated cover amount under the CoinCover guarantee is currently over US$19.5 million and the coverage amount is reviewed

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
				periodically by Newton.[5] Additionally, sub-custodian Coinbase Custody maintains US$320 million of insurance (pre-incident and overall) which covers losses of assets held by Coinbase Custody on behalf of its customers due to third party hacks, copying or theft of private keys, insider theft, or dishonest acts by Coinbase Custody's employees or executives and loss of keys.
Any known security breaches or other similar incidents involving the custodian as a result of which crypto assets have been lost or stolen	Anonymous Intelligence is not aware of any security breaches or other similar incidents involving Argent Crypto which resulted in the loss or theft of crypto assets.	In May 2017, Kraken was affected by a Distributed Denial of Service (DDoS) attack, leading to a class action lawsuit against Kraken in which plaintiffs sought over $5 million which they claimed resulted from Kraken's mishandling of the breach.	NiceHash was hacked for 4,736 Bitcoin ("**BTC**") in December 2017. At the time, the stolen BTC was worth roughly $70 million (in USD). NiceHash repaid all eligible users who applied for reimbursement by December 16, 2020.	Anonymous Intelligence is not aware of any security breaches or other similar incidents involving Newton in which crypto assets have been lost or stolen. A cybersecurity breach involving one of Newton's sub-custodians occurred in April 2021, although which sub-custodian in particular was not disclosed. The breach did not cause any loss to Newton customers.
The treatment of the assets in the event of an insolvency or bankruptcy of the custodian	In the event of an insolvency or bankruptcy of Argent Crypto, the *Bankruptcy and Insolvency Act*, R.S.C. (Canada) 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. (Canada) 1985, c. C-36, will	Kraken will be subject to the *United States Bankruptcy Code* (U.S.C. Title 11) and *Federal Rules of Bankruptcy Procedure*, subject to certain exemptions under the California Code of Civil Procedure § 703.	Insolvency or bankruptcy of NiceHash will be governed by the British Virgin Islands *Insolvency Act* 2003 and the British Virgin Islands *Insolvency Rules* 2005.	In the event of an insolvency or bankruptcy of Newton, the *Bankruptcy and Insolvency Act*, R.S.C. (Canada) 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. (Canada) 1985, c. C-36, will apply as required.

[5] Newton Terms of Use, "Depositing Digital Assets, Transactions and Third-Party Custody", https://www.newton.co/terms-of-use.

Summary Table of Third-Party Custodians				
	Argent Crypto	**Kraken**	**NiceHash**	**Newton**
	apply as required.			
If the custodian operates in a foreign jurisdiction, what due diligence the issuer has performed on the custodian	N/A	Anonymous Intelligence has reviewed the Kraken website generally, including publicly available Terms of Service and security features. Anonymous Intelligence will monitor the status of Kraken online.	Anonymous Intelligence has reviewed the NiceHash website generally, including publicly available Terms of Service and security features. Anonymous Intelligence will monitor the status of NiceHash online.	N/A

Identity and Location of Third-Party Custodians

Newton is a non-reporting crypto asset trading platform with a registered office at 701-370 King St. W, Toronto, Ontario, extra-provincially registered in British Columbia under registration number A0118861 and business number 772001319BC0001. Newton operates its business throughout Canada.

NiceHash is a hash rate broker and marketplace headquartered in the British Virgin Islands with an address of Intershore Chambers, Road Town, Tortola, VG1110, and company number 2048669. NiceHash does not have an address in Canada, but users throughout Canada may access its business via the internet.

Should the Company opt to pursue the Argent Monetization Strategy in the future (see "*Monetization of Limitless VPN*" heading in Section 4.1 Narrative Description of Business), the following will apply:

- Argent Crypto is a cryptocurrency consulting company based in Victoria, British Columbia and operating throughout Canada. Argent Crypto has a registered office at 4266 Richfield Terrace, Victoria, British Columbia, and business number 763078086BC0001.

- Kraken is a financial services company with a corporate address of 237 Kearny St, Suite 102, San Francisco, CA, 94108, United States, with a Canadian subsidiary located at 1100-1959 Upper Water Street, Halifax, Nova Scotia. Kraken operates its business throughout Canada.

Identity and Location of Sub-Custodians

Newton uses the following sub-custodians upon the deposit, transfer of crypto assets to, or withdrawal of crypto assets from the Newton Wallet:

- Paradiso Ventures Inc., operating as Balance, is an arm's length digital asset custody service with a registered office address located at Toronto, Ontario. Balance is registered with FINTRAC as a money services business dealing in virtual currencies.

- Etana Trust Company, doing business as Etana Custody, is an arm's length fiat and digital asset custody service with an address located at Denver, Colorado, United States. Etana Custody is a chartered trust company regulated by the Colorado Division of Banking.

- Coinbase Custody is an arm's length digital asset custody service with an address located at New York, New York, United States. Coinbase Custody is licensed as a limited purpose trust company with the New York Department of Financial Services. Approximately 80% of Newton's total client assets are held in cold storage by Coinbase Custody.[6]

- Fireblocks is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[7] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[8] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[9] Approximately 20% of Newton's total client assets are held online in hot wallets secured by Fireblocks.[10]

- Newton has licensed software from Digital Services Limited (trading as CoinCover), an arm's length party to the Company, to provide additional security for keys to crypto assets held by Newton using Fireblocks, including key pair creation, device access recovery and account access recovery. CoinCover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by Newton that involve such sub-custodians are facilitated and authorized through Newton's contractual arrangement with each sub-custodian.

NiceHash uses the following sub-custodians upon the deposit, transfer of crypto assets to, or withdrawal of crypto assets from the NiceHash Wallet:

- BitGo is an arm's length digital asset trust company that provides institutional digital asset custody services. BitGo is a Delaware corporation with headquarters at 2443 Ash Street, Palo Alto, California, 94306, United States. BitGo provides both hot wallet access and cold storage. For hot wallet access, BitGo uses "leading institutional grade, multi-signature wallets" which comply with SOC 2 Type 2 certification and are protected by third-party key recovery service insurance.[11] BitGo's cold storage is performed by BitGo Trust Company, which is a chartered trust company in South Dakota (and in New York for New York clients only). BitGo Trust Company is also a "qualified custodian", meaning it is a regulated entity that has a fiduciary duty to its clients and meets rigorous regulatory standards and audits that help protect client funds against loss, theft, or misuse.[12]

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[6] Newton Relationship Disclosure, "Custodial Arrangements", https://www.newton.co/relationship-disclosure.
[7] Fireblocks Security, https://www.fireblocks.com/platforms/security/.
[8] Fireblocks Blog, https://www.fireblocks.com/blog/building-out-our-regulatory-compliance-team/.
[9] Fireblocks About, https://www.fireblocks.com/about/.
[10] Newton Risk Disclosure, Section 4(b), https://www.newton.co/risk-disclosure.
[11] BitGo Blog, "BitGo Completes Soc 2 Type 2", https://blog.bitgo.com/bitgo-completes-soc-2-type-2-37edd178f151.
[12] BitGo Blog, "Not All Custody Is Created Equal: A Guide to Choosing the Right Custodian", https://blog.bitgo.com/not-all-custody-is-created-equal-a-guide-to-choosing-the-right-custodian-9823d48a26d8.

- Fireblocks is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[13] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[14] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[15]

- NiceX is an arm's length cryptocurrency exchange created by NiceHash. NiceX has an address located at Road Town, Tortola, British Virgin Islands. NiceX secures wallets and private keys using AES-256 encryption and backs all crypto assets with full reserves.[16] Anonymous Intelligence's activities involving NiceX will be limited to dealing in virtual assets that are used solely as a medium of exchange, and are therefore outside the regulatory remit of the BVI FSC.[17]

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by NiceHash that involve such sub-custodians are facilitated and authorized through NiceHash's contractual arrangement with each sub-custodian.

Should the Company opt to pursue the Argent Monetization Strategy in the future, Argent Crypto may utilize Kraken to hold Monero earned from mining operations prior to converting to Canadian dollars. Kraken does not utilize sub-custodians for the deposit, purchase, or withdrawal of crypto assets from the Kraken platform.

Services Provided to the Company by Custodians

NiceHash operates a marketplace in which users can buy and sell hash power necessary for crypto mining activities. Anonymous Intelligence intends to offer its Hash Rate for rent on the NiceHash platform and receive compensation from NiceHash in the form of USD Coin paid by other NiceHash users for use of the Hash Rate. Any USD Coin paid to Anonymous Intelligence in exchange for renting the Hash Rate on NiceHash will be held temporarily in a digital wallet hosted by NiceHash prior to being transferred to a digital wallet hosted by Newton. For a step-by-step outline of the NiceHash renting process, see "*Monetization of Limitless VPN*" heading in Section 4.1 Narrative Description of Business.

Newton provides a digital wallet which will hold USD Coin received from NiceHash. Newton also provides a digital asset exchange where Anonymous Intelligence may convert USD Coin to US dollars on the first day of each calendar month. For a detailed summary of the conversion process involving NiceHash and Newton, see "*Crypto Assets Held by the Custodians as at each Reporting Period End Date*" below.

Should the Company opt to pursue the Argent Monetization Strategy in the future, the following will apply:

- Argent Crypto may utilize Anonymous Intelligence's Hash Rate to mine Monero, collect Monero earned from such activity, and convert the collected Monero into Canadian dollars on behalf of the Company pursuant to the terms of the Argent Services Agreement. For a step-by-step outline of the Argent Crypto mining process, see "*Monetization of Limitless VPN*" in Section 4.1 Narrative Description of Business.

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[13] Fireblocks Security, *supra* note 7.
[14] Fireblocks Blog, *supra* note 8.
[15] Fireblocks About, *supra* note 9.
[16] NiceX Security, https://www.nicex.com/security.
[17] BVI FSC Guidance, *supra* note 3.

- Kraken provides a digital wallet which may hold Monero collected from Argent Crypto's mining activities for the period of time between collection of Monero and conversion to Canadian dollars. Kraken also provides a digital asset exchange where Argent Crypto may convert Monero to Canadian dollars. Argent Crypto will not use Kraken to trade, invest, or purchase crypto assets. For a detailed summary of the potential conversion process involving Argent Crypto and Kraken, see "*Crypto Assets Held by the Custodians as at each Reporting Period End Date*" below.

Regulatory Frameworks Applicable to Custodians

Newton is not a Canadian financial institution as defined in NI 45-106. Newton is incorporated in Canada under the federal *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and is subject to Canadian securities regulation. Newton has not provided a pre-registration undertaking pursuant to the Canadian Securities Administrators' announcement on August 15, 2022, but has been granted relief to distribute crypto contracts and operate a platform in Canada that facilitates the buying, selling and holding of crypto assets while seeking registration as an investment dealer and membership with IIROC.[18] Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[19]

NiceHash is not a Canadian financial institution as defined in NI 45-106. NiceHash is incorporated under the *BVI Business Companies Act* of the British Virgin Islands. The British Virgin Islands does not currently have a specific regulatory framework for virtual assets or cryptocurrencies, although it is expected that the jurisdiction will in time develop a regulatory framework tailored specifically for virtual assets.[20] In the meantime, the BVI FSC has issued the FSC Guidance outlining which types of crypto assets and activities are subject to the regulatory remit of the BVI FSC and other pertinent securities regulation.[21] A virtual asset that is used solely as a medium of exchange is not subject to the regulatory remit of the BVI FSC.[22] The Company's proposed use of the NiceHash platform relates only to virtual assets that are used solely as a medium of exchange.

Should the Company opt to pursue the Argent Monetization Strategy in the future, the following will apply:

- Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

- Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based financial services company, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[23] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[24]

Obtaining an Unqualified Audit Opinion

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[18] Ontario Securities Commission, *supra* note 1.
[19] Newton Relationship Disclosure, *supra* note 6.
[20] Padarin, Michael and Daniel Moore, *supra* note 2.
[21] BVI FSC Guidance, *supra* note 3.
[22] BVI FSC Guidance, *supra* note 3.
[23] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[24] "Frequently asked questions", https://www.kraken.com/bank.

Anonymous Intelligence is not aware of anything with regards to the operations of Newton, NiceHash, Argent Crypto, Kraken or any of their sub-custodians, that would adversely affect Anonymous Intelligence's ability to obtain an unqualified audit opinion on its audited financial statements.

Custodians as Related Parties to the Company

None of Newton, NiceHash, Argent Crypto, Kraken or any of their sub-custodians, are related parties to the Company.

Crypto Assets Held by the Custodians as at each Reporting Period End Date

The amount of crypto assets held by Newton at each reporting period end date will depend on the amount of USD Coin received from NiceHash in the calendar month immediately preceding the respective reporting period end date. In any instance, any USD Coin held by Newton at the reporting period end date will be converted to US dollars on the first day of the month immediately following the reporting period end date, subject to the availability of buy orders for USD Coin on the Newton platform (see *Failure of Cryptocurrency Exchanges* in *Section 17 – Risk Factors* and *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). For example, for the month ending on December 31, Newton will hold, on the reporting period end date, any USD Coin received from NiceHash from December 1 to December 31. Anonymous Intelligence will then convert all such USD Coin to US dollars on January 1 and transfer all resulting US dollars to a bank account at a Canadian financial institution. For a step-by-step outline of the NiceHash renting process, see "*Monetization of Limitless VPN*" in Section 4.1 Narrative Description of Business.

There will be no USD Coin held by NiceHash at any reporting period end date. Any USD Coin earned from renting out the Hash Rate will be transferred from the NiceHash Wallet to the Newton Wallet every four hours. The transfer between the NiceHash Wallet and the Newton Wallet will be performed automatically by the NiceHash platform using NiceHash's "pay-per-share" system.[25]

Should the Company opt to pursue the Argent Monetization Strategy in the future, all crypto assets (in this case Monero) collected by Argent Crypto as a result of Argent Crypto's mining activities may be held by Kraken. The amount of Monero held by Kraken at each reporting period end date will depend on the amount of Monero collected by Argent Crypto in the calendar month immediately preceding the respective reporting period end date. In any instance, Argent Crypto will convert any Monero held by Kraken at the reporting period end date to Canadian dollars on the first day of the month immediately following the reporting period end date, subject to the availability of buy orders for Monero on the Kraken platform (see *Failure of Cryptocurrency Exchanges* in *Section 17 – Risk Factors* and *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). For example, for the month ending on December 31, Kraken may hold, on the reporting period end date, any Monero collected from mining activities using Anonymous Intelligence's Hash Rate from December 1 to December 31. Argent Crypto will then convert all such Monero to Canadian dollars on January 1 and transfer 93% of said Canadian dollars to Anonymous Intelligence. For a step-by-step outline of the Argent Crypto mining process, see "*Monetization of Limitless VPN*" in Section 4.1 Narrative Description of Business.

Insurance and Limitations on Custodian Liability in the Event of a Loss or Theft of Crypto Assets

Any USD Coin held by Newton and NiceHash on the Company's behalf, and any Monero potentially held by Kraken under the Argent Monetization Strategy, are not insured, and Newton, NiceHash, Argent Crypto and Kraken do not bear any liability for loss or theft of crypto assets held by them.

Newton has obtained a guarantee from CoinCover for 100% of the client assets held with sub-custodian Fireblocks, excluding losses arising from the gross negligence, willful misconduct or fraud of an employee or representative of Newton. The guarantee covers the theft or loss of crypto assets and also includes a software technology solution

[25] NiceHash, "What is the PPS reward system?", https://www.nicehash.com/support/mining-help/earnings-and-payments/what-is-the-pps-reward-system.

which monitors and limits transactions and prevents funds from being maliciously taken from Fireblocks wallets. The total aggregated cover amount under the CoinCover guarantee is currently over US$19.5 million and the coverage amount is reviewed periodically by Newton.[26] Additionally, sub-custodian Coinbase Custody maintains US$320 million of insurance (pre-incident and overall) which covers losses of assets held by Coinbase Custody on behalf of its customers due to third party hacks, copying or theft of private keys, insider theft, or dishonest acts by the Coinbase Custody's employees or executives and loss of keys.[27] Newton expressly limits its liability in all other instances of theft and loss in its Terms of Use. Anonymous Intelligence aims to mitigate this risk by converting crypto assets to fiat currency at regularly scheduled intervals, thus reducing the amount of crypto assets held in the Newton, NiceHash, and Kraken wallets, as applicable (see "*Crypto Assets Held by the Custodians as at each Reporting Period End Date*" above).

Known Security Breaches or Similar Incidents Involving Custodians Resulting in Loss or Theft of Crypto Assets

The Company is not aware of any security breaches or other similar incidents involving Newton in which crypto assets have been lost or stolen. A cybersecurity breach involving one of Newton's sub-custodians occurred in April 2021, although which sub-custodian in particular was not disclosed. The breach did not cause any loss to Newton customers. At the time, Newton announced that it was halting trading on its platform to allow the sub-custodian to remedy the breach. Newton further announced that the breach was unlikely to affect Newton users in any event as the platform stores the majority of customer assets in cold storage and only keeps a limited amount of funds in hot wallets to facilitate withdrawals.[28]

On December 6th, 2017, NiceHash was hacked for 4,736 BTC. At the time, the stolen BTC was worth roughly $70 million (in USD). The attacker was able to obtain a NiceHash employee's credentials via a spear phishing email and was able to perform lateral movement within the NiceHash data center via the stolen VPN credentials. NiceHash immediately reported the incident to law enforcement, as well as hired LIFARS, an arm's length cyber security company, to investigate the breach and attempt to recover misappropriated funds. NiceHash cooperated with Europol and U.S. law enforcement agencies throughout the process.[29] While funds were unable to be recovered, NiceHash established a repayment plan under which it promised to fully reimburse all users who lost funds as a result of the breach. NiceHash repaid all eligible users who applied for reimbursement by December 16, 2020.[30]

The Company is not aware of any security breaches or other similar incidents involving Argent Crypto which resulted in the loss or theft of crypto assets.

In May 2017, Kraken was affected by a Distributed Denial of Service (DDoS) attack, leading to a class action lawsuit against Kraken in which plaintiffs sought over $5 million which they claimed resulted from Kraken's mishandling of the breach.[31]

Treatment of Assets in the Event of an Insolvency or Bankruptcy of a Custodian

In the event of an insolvency or bankruptcy of Newton, the *Bankruptcy and Insolvency Act*, R.S.C. (Canada) 1985, c. B-

[26] Newton Terms of Use, "Depositing Digital Assets, Transactions and Third-Party Custody", https://www.newton.co/terms-of-use.
[27] Newton Risk Disclosure, Section 4(c), https://www.newton.co/risk-disclosure.
[28] Megan Simpson, "Newton Had An Outage And Now Users Are Complaining Their Transactions Are Pending", Canadian Startup News, April 28, 2021, betakit, https://betakit.com/newton-had-an-outage-and-now-users-are-complaining-their-transactions-are-pending/.
[29] "NiceHash security breach investigation update", November 11, 2018, https://www.nicehash.com/blog/post/niceHash-security-breach-investigation-update.
[30] "NiceHash keeps the promise and will fully reimburse its users", November 15, 2020, https://www.nicehash.com/blog/post/nicehash-keeps-the-promise-and-will-fully-reimburse-its-users
[31] Investopedia, "What Is Kraken? How It Works, How It Stands Out, and Issues", https://www.investopedia.com/tech/what-kraken/

3, or *Companies' Creditors Arrangement Act*, R.S.C. (Canada) 1985, c. C-36, will apply as required. Insolvency or bankruptcy of NiceHash will be governed by the British Virgin Islands *Insolvency Act* 2003 and the British Virgin Islands *Insolvency Rules* 2005.

In regards to sub-custodians, the following insolvency and bankruptcy protocols will govern:

- For Balance operating in Canada, *Bankruptcy and Insolvency Act*, R.S.C. (Canada) 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. (Canada) 1985, c. C-36, will apply;

- For each of Etana Custody, Coinbase Custody, BitGo and Fireblocks operating in the United States, *United States Bankruptcy Code* (U.S.C. Title 11) and *Federal Rules of Bankruptcy Procedure*, subject to certain exemptions under the applicable State laws will apply;

- For CoinCover, operating in the United Kingdom, *The Insolvency (England and Wales) Rules 2016* will apply, along with the *Insolvency Act 1986* (as amended) and the *Insolvency Rules 1986* (as amended); and

- For NiceX, operating in the British Virgin Islands, *Insolvency Act* 2003 (British Virgin Islands) and the British Virgin Islands *Insolvency Rules* 2005 will apply.

Should the Company opt to pursue the Argent Monetization Strategy in the future, the following will apply:

- In the event of an insolvency or bankruptcy of Argent Crypto, the *Bankruptcy and Insolvency Act*, R.S.C. (Canada) 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. (Canada) 1985, c. C-36, will apply as required. Kraken will be subject to the *United States Bankruptcy Code* (U.S.C. Title 11) and *Federal Rules of Bankruptcy Procedure*, subject to certain exemptions under the California Code of Civil Procedure § 703.

Due Diligence Performed on Custodians Operating in a Foreign Jurisdiction

In regards to NiceHash which operates in a foreign jurisdiction, the Company has reviewed the NiceHash website generally at https://www.nicehash.com/ and https://www.nicehash.com/about, as well as the Terms of Use publicly available at https://www.nicehash.com/terms, and the security features at https://www.nicehash.com/security. Management of the Company will monitor the status of NiceHash through an online account at https://status.nicehash.com/, and has identified alternate services that may be used in the event the NiceHash service is disrupted or fails.

In regards to sub-custodians operating in foreign jurisdictions, the following due diligence has been performed:

- For Fireblocks, management of the Company has reviewed the Fireblocks website generally at https://www.fireblocks.com/about/ and the security features at https://www.fireblocks.com/platforms/security/.

- For Etana Custody, management of the Company has reviewed the Etana Custody website generally at https://www.etana.com/about-etana, and the security features at https://www.etana.com/crypto-custody-services.

- For Coinbase Custody, management of the Company has reviewed the Coinbase Custody website generally at https://www.coinbase.com/about and https://www.coinbase.com/prime/custody, and the security features at https://www.coinbase.com/security.

- For CoinCover, management of the Company has reviewed the CoinCover website generally at https://www.coincover.com/ and https://www.coincover.com/about, and the security features at https://www.coincover.com/products/theft-protection.

- For NiceX, management of the Company has reviewed the NiceX website generally at https://www.nicex.com/ and https://www.nicex.com/about, and the security features at https://www.nicex.com/security.

- For BitGo, management of the Company has reviewed the BitGo website generally at https://www.bitgo.com/ and https://www.bitgo.com/company/about-bitgo, and the security features at https://www.bitgo.com/products/hot-wallets and https://www.bitgo.com/products/custodial-wallets.

Not all sub-custodians offer the capability to monitor the status of their service online. As such, management of the Company will rely on the status of custodians who engage sub-custodians as an indicator of the status of each applicable sub-custodian. Management will not monitor the status of each sub-custodian individually.

Should the Company opt to pursue the Argent Monetization Strategy in the future, the following will apply:

- In regards to Kraken which operates in a foreign jurisdiction, the Company has reviewed the Kraken website generally at https://www.kraken.com/why-kraken and https://blog.kraken.com/about/, as well as the Terms of Service publicly available at https://www.kraken.com/legal, the security features at https://www.kraken.com/features/security, and details regarding Kraken Bank and its SPDI Bank Charter at https://www.kraken.com/en-us/learn/finance/spdi-bank-charter. Management of the Company will monitor the status of Kraken through an online account at https://status.kraken.com/.

Cryptocurrencies

When the Company begins offering its Hash Rate for rent on the NiceHash platform, the Hash Rate will be used by NiceHash users to mine Monero. The Company is not aware of any risk of decreased rewards for mining Monero in particular. As outlined above in “Monetization of Limitless VPN” under Section 4.1 Narrative Description of Business, Anonymous Intelligence will be paid in USD Coin by NiceHash in exchange for providing the Hash Rate to NiceHash users to mine Monero. USD Coin is a stablecoin that attempts to maintain a peg to the US Dollar at a 1:1 ratio. USD Coin is also a fully-reserved stablecoin, meaning every USD Coin on the internet is 100% backed by cash and short-dated US treasuries held in the custody of US financial institutions, including BlackRock and BNY Mellon. USD Coin was developed by Circle Internet Financial, LLC (“**Circle**”), which is a peer-to-peer payments technology company licensed as a Money Transmitter by the New York State Department of Financial Institutions. Circle is an arm’s length party to the Company. Circle’s financial statements are audited annually and subject to review by the US SEC.[32] Given its design to maintain a peg to the US dollar, USD Coin is less vulnerable to fluctuations in value due to speculation in cryptocurrency markets. However, recent events such as the fallout from the collapse of Silicon Valley Bank have shown that USD Coin can become devalued compared to the US dollar, which may lead to heightened regulatory oversight of USD Coin and other stablecoins in the future (see *Decreased rewards for mining a particular crypto asset* in *Section 17 - Risk Factors*). USD Coin is also still susceptible to normal currency fluctuations and all factors that regularly affect fluctuations in fiat currencies. These may include global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. USD Coin will also be at risk of theft or loss due to business failure or security breaches of the custodial service or trading platform where the USD Coin is held. The amount of USD Coin received from NiceHash in exchange for renting the Hash Rate through NiceHash will also depend on the number of NiceHash users who use the Hash Rate to mine Monero. A decrease in the value of Monero may reduce the demand for Monero, which may subsequently reduce the volume of NiceHash users who are willing to use the Hash Rate to mine Monero. At any given time, there may be no buy orders available on NiceHash to match with the Company’s offer to provide the Hash Rate to mine Monero, which would result in the Company not being able to receive USD Coin in exchange for its Hash Rate during that time. This could ultimately reduce the amount of USD Coin that Anonymous Intelligence receives from NiceHash. The Company has not hedged the conversion of any

[32] USD Coin Home Page, https://www.circle.com/en/usdc#:~:text=USDC%20is%20a%20fully%2Dreserved,equivalence%20to%20the%20U.S.%20dollar.

of its cryptocurrency revenue or future mining of cryptocurrencies. For a step-by-step outline of the NiceHash renting process, see "*Monetization of Limitless VPN*" under Section 4.1 Narrative Description of Business.

Should the Company opt to pursue the Argent Monetization Strategy in the future, Argent Crypto will use the Hash Rate to mine the cryptocurrency Monero. As stated above, the Company is not aware of any risk of decreased rewards for mining Monero in particular. The amount of revenue Anonymous Intelligence is able to receive from mining operations performed by Argent Crypto will depend on the market demand for Monero. Unfavourable and unforeseen market conditions may cause decreased rewards for mining any particular crypto asset, including Monero. There is also a risk that there may not be any corresponding buy orders for Monero at the time Argent Crypto is attempting to convert Monero into Canadian dollars, which could result in Argent Crypto being unable to convert Monero into Canadian dollars at any given time (see *Failure of Cryptocurrency Exchanges* in *Section 17 – Risk Factors* and *Decreased rewards for mining a particular crypto asset* in *Section 17 – Risk Factors*). Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies are not indicative of their future price performance. For a step-by-step outline of the Argent Crypto mining process, see "*Monetization of Limitless VPN*" under Section 4.1 Narrative Description of Business.

Privacy and Terms of Use

Privacy Policy

The Company's Privacy Policy governs the use of personal information by the Company and its authorized affiliates and contractors in the operation of its business and how the Company uses such personal information. Under the policy, "personal information" means information about an identifiable individual, such as their name, address or contact information (including home telephone number and personal e-mail address). By submitting personal information to the Company or by otherwise using the Company's services, the user is deemed to consent to the collection, use and disclosure of their personal information in accordance with the Privacy Policy. If a user does not agree with some or all of the Privacy Policy, the user must not use the services or submit personal information to the Company. The Privacy Policy sets out how the Company collects personal information and is used for a variety of purposes including the following:

- to create and administer the user account on the services;
- where a user provides consent after requesting access to the Company's Limitless VPN services, to determine the user's hardware capabilities and general system profile in order to optimize available computer resources for task synchronization with a view to permitting the Company and its authorized affiliates and contractors to utilize the processing power of devices across the shared VPN network;
- to share information about the Company, its services, and other products and services with the user;
- to communicate with users regarding changes to services, maintenance, account confirmation, technical support or any security issues;
- to communicate with users regarding inquiries for information or customer service requests or employment opportunities;
- to conduct market research;
- to monitor traffic on the Company's services;
- to determine the future direction of the Company's services, including technical upgrades;
- to provide, monitor, personalize and improve the Company's services;
- to develop new products and services;
- to protect the Company's rights and the rights of other registered users;
- to investigate security breaches, protect against, detect, investigate and prevent potentially fraudulent, unauthorized or illegal activities or cooperate with government and law enforcement authorities in connection with legal matters;
- to aggregate and anonymize personal information; and

- for other purposes related to the relationship between the Company and the user, where the user has provided its consent or as otherwise permitted or required by law.

The Company also shares some of a user's personal information with third parties in order to offer the services to its userbase, including:

- the Company may disclose user personal information to third-party service providers for fraud prevention or for law enforcement purposes;
- protecting the Company's rights and property, including for security breach, loss or fraud prevention, investigation or mitigation purposes;
- protecting the safety of a person or a group of persons;
- with third-party service providers that help the Company to provide its services, including course providers, platform providers, app providers, providers of website hosting, data warehousing, data analysis, event logging, information technology, customer service, payment processing, user analytics, notifications and email delivery and messaging services (including third-party service providers which are engaged by the Company to access and utilize the unused processing power of the devices of users of the Limitless VPN in order to mine cryptocurrencies or perform various background CPU tasks such as research data mining);
- with a third-party, in the event of a change in ownership of all or a part of the Company through some form of merger, purchase, sale, lease or amalgamation or other form of business combination, provided that the parties are bound by appropriate agreements or obligations which require them to use or disclose personal information in a manner consistent with the use and disclosure provisions of this Privacy Policy;
- other purposes identified when the personal information is collected, or as permitted or required by law; and
- with any third-party, where a user has provided their consent for such disclosure or where disclosure is required or permitted by law.

By submitting personal information to the Company, creating a user account, or otherwise using the Company's services, a user is deemed to consent to the collection, use and disclosure of their personal information in the manner described in the Privacy Policy. To the extent that the Company is required by applicable laws to obtain a user's explicit consent for the collection, use or disclosure of their personal information in accordance with the Privacy Policy, such consent will be requested at the appropriate time. Further, if the Company plans to use or disclose a user's personal information for a purpose not previously identified, the Company will advise the user of that purpose before such use or disclosure. However, the Company may collect, use or disclose a user's personal information without their knowledge or consent where the Company is permitted or required to do so by applicable law or regulatory requirements.

A user may change or withdraw their consent at any time, subject to legal or contractual restrictions and reasonable notice, by contacting the Company's privacy officer. In some circumstances, a change or withdrawal of consent may limit the Company's ability to provide services to a user or their ability to access certain areas of the Company's services.

Generally and in Canada, the Company is required to follow the requirements of provincial privacy laws, such as the *Personal Information Protection Act* (BC), and the federal privacy laws in Canada, namely the *Personal Information Protection and Electronic Documents Act* (Canada). The Company is subject to US state and federal privacy laws. The Company's privacy policy is compliant with applicable Canadian and United States privacy laws. As noted above, personal information is not accessed when a user accesses the Limitless VPN or when a user's latent computer processing power is accessed for monetization purposes. At this time, the Company is not accepting users located in Europe or other jurisdictions as the Company has not considered compliance with the European or UK General Data Protection Regulation or compliance with privacy legislation of other jurisdictions.

Terms of Use - Generally

The Company has a general Terms of Use agreement. The agreement describes a user's rights and responsibilities as a user of the Company's website and related services offered by the Company. Use of the Company's services, including a visit to its website, is deemed to be acceptance of the agreement.

Use of the Company's website and its services are undertaken at a user's own risk and to the extent not prohibited by applicable law, the Company will not be liable for any general, direct, incidental, special, exemplary, consequential, indirect, or punitive damages arising out of a user's access to or use of the website or the Company's services. The agreement states that the Company will not be responsible for late, lost, incomplete, illegible, misdirected or stolen messages, unavailable network connections, failed, incomplete, garbled or delayed computer transmissions, on-line failures, hardware, software or other technical malfunctions or disturbances or any other communications failures or circumstances affecting, disrupting or corrupting communications. If a user is dissatisfied with the Company's website or services or with the terms of use agreement, a user's sole and exclusive remedy is to discontinue using them.

By agreeing to the terms of use, a user agrees to indemnify and save harmless the Company from and against any claim or liability brought against or suffered or incurred by us as a result of a user's use of the Company's website or services. In addition, in the event the Company is made a party to any claim, suit or action relating to or arising from any services offered by the Company that is initiated by a user, which is unsuccessful or initiated by a third party, who is suing a user, the user agrees to reimburse the Company at a reasonable rate for all personnel time and expenses expended by the Company in response to such claim, suit or action including without limitation, all attorney fees and expenses incurred by the Company with respect to such response. The defence and indemnification obligations survive termination of the terms of use agreement and a user's cessation of use of the Company's website and services.

Terms of Use – Limitless VPN

In addition to the general Terms of Use agreement set out above, use of the Company's Limitless VPN by users also requires agreement with a separate terms of use for the Limitless VPN. Generally speaking, a user is prohibited from undertaking certain actions such as violating any domestic or foreign laws, engaging in unsolicited advertising, engaging in harassing messages, engaging in fraudulent activities, downloading and transmitting any material that infringes the intellectual property rights of third parties, and downloading and transmitting any material that is libelous, defamatory, discriminatory, etc. Similarly, a user is prohibited from scanning for open proxies or open relays, port scanning, storing any data that violates applicable laws, and launching any pop-ups from the Company's services.

By accessing the Limitless VPN, a user acknowledges that a portion of the unused computational power of their computer or other device will join the network infrastructure of the Limitless VPN to perform distributed computational processing tasks. When a user connects to the Limitless VPN network infrastructure, a process is used to evaluate the user's unused computational power after the user is notified that this process will be used and the user has provided consent. Anonymous Intelligence intends to use third party service providers to access and utilize unused processing power of the computer and devices in the Company's userbase to mine cryptocurrency or perform various background CPU tasks ("**Computational Tasks**"). By using the Limitless VPN, a user acknowledges that the third party service providers are authorized to perform the Computational Tasks and that the user will be subject to the terms, conditions and policies of the third party service providers. The Computational Tasks are not part of the services provided by Anonymous Intelligence.

Business Objectives and Milestones

The Company expects to accomplish the following business objectives and milestones over the 12-month period following the date of this Listing Statement:

Business Objective	Action	Delivery Date	Estimated Costs
Commencement of internal monetization activities	• Perform internal testing and audit • Enter into third party software licenses	3 months	$75,000
Market the VPN and Grow Company's userbase to 100,000 registered active users	• Co-market and develop referral system • Launch special events • Create marketing campaigns through the use of conversion specialists (DataDojo), adwords, affiliate marketing and other digital media (all third-parties).	10 months	$250,000
Limitless VPN Enhancements – 2G	• Perform security audits • Develop Peer to Peer networking upgrades	12 months	$75,000
Total			**$400,000**

Available Funds and Principal Purposes

As of May 10, 2023, the Issuer had approximately $1,100,000 in working capital.

The Issuer does not expect to require additional funds to meet its short-term requirements outlined above and to complete its objectives and expansion plans for the next 12 months. If necessary, the Issuer expects it will fund any additional capital requirements beyond the next 12 months from future financing activities. There can be no assurance that additional funding required by the Issuer will be available on acceptable terms or at all.

As of May 10, 2023, the Issuer had working capital of approximately $1,100,000 available for the principal purposes of achieving its business objectives and milestones for the next 12 month period, general and administrative expenses and unallocated working capital. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Issuer to achieve its objectives. The Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Issuer will be available on acceptable terms or at all. It is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives for the forthcoming 12-month period. The amounts shown in the table below are estimates only and are based on the information available to the Issuer as of the date of this Listing Statement.

Estimated Outlay from date of Listing Statement and 12 Months thereafter	
Use of Funds	**Anticipated Cost ($)**
Business Objectives and Milestones (as set out in table above)	**$400,000**
Salaries: Management = $250,000 Non-management = $50,000	**$300,000**
General and Administrative Expenses (excluding "Salaries" above): Rent and office expenses - $40,000 Accounting & Legal - $80,000 Consulting fees - $20,000 Third-party investor relations/market awareness - $118,000 Regulatory and Transfer agent fees - $42,000	**$300,000**
Unallocated working capital	**$100,000**
TOTAL	**$1,100,000**

There may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Issuer spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those referred to under Risk Factors. However, it is anticipated that the available funds will be sufficient to satisfy the Issuer's objectives over the next 12 months. The Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Employees and Consultants

As of the date of this Listing Statement, the Issuer has three employees including Lucas Russell, the Company's President & CEO, and Nilda Rivera, the Company's CFO & Corporate Secretary. The Issuer's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel. Anonymous Intelligence's management oversees all responsibilities in the areas of corporate administration, business development, and research. The Company also engages consultants on an as-needed-basis to provide specific expertise in areas of product design and development and other business functions.

Specialized Skill and Knowledge

The necessary specialized skill and knowledge required by the Company as a technology company are available from the Company's consultants and Mr. Russell, the President and CEO of the Company. Mr. Russell has specialized expertise and experience with cryptocurrency related technologies such as application development, blockchain development, custodianship, third-party platforms and fiat currency conversion. Specifically, Mr. Russell has consulting experience with a blockchain project for NFTUS (www.nftus.com), a private company, whereby he managed the development and creation of a technology application that integrated blockchain technology on a non-fungible token exchange platform. He also has employment experience on a separate blockchain project for NFiniTi Inc. (OTC: NFTN), whereby he managed the development of blockchain technology to create a non-fungible token exchange. Mr. Russell also has management experience of confidential projects for a private company in leading a team of developers and consultants to develop screening and due diligence processes to qualify participants and users of various blockchain software and processes. On December 29, 2022, Mr. Russell was appointed as a director of Looking Glass Labs Ltd., a reporting issuer listed on the NEO Exchange and the Aquis Exchange in London, England. Looking Glass Labs Ltd. is a leading Web3 platform specializing in immersive metaverse environments, play-to-earn tokenization and blockchain monetization strategies. To the extent additional specialized skill and knowledge are required, the Company retains outside consultants.

Competition

The Company's business, including the growth of its userbase and the monetization strategies thereof, currently consists of its Limitless VPN. Given the size and expected growth rate for VPNs, the industry is very competitive with the number of competitors growing rapidly. Increased competition is expected to result in a higher cost of customer acquisition. The Company is competing with small, regional competitors and large corporations such as Microsoft Corporation, Cisco Systems Inc., IBM, Symantec Corporation, Mcaffee Inc., Google and Adobe Captivate Prime, to name a few as well as the following smaller to mid-size competitors: Absorb; Cyber Ghost; Express VPN; IP Vanish; LearnUpon; SurfShark; and Nord VPN.

The Company believes that one of its competitive advantages is that it is able to offer its Limitless VPN without a cash outlay to its userbase.

Intangible Properties

Anonymous Intelligence acquired certain development stage intellectual property assets from Victory Square pursuant to the Asset Purchase Agreement, which largely consisted of trade secrets, source code, and know how that formed the basis of the Limitless VPN and related decentralized storage technologies. Following such acquisition, the Company developed the assets into a marketable product for use by the public. The Company relies on a combination of contractual provisions and confidentiality agreements designed to ensure its intellectual property is protected.

The Company's website is https://cloud9web3.com/. The Company also owns the following domains, under the "Limitless Technologies" brand: limitlessvpn.com.

Cycles

The Company does not expect the market for its products to experience cyclical or seasonal changes.

Economic Dependence

The development team advancing the Limitless VPN and the related cryptocurrency monetization technologies and optimization of the Hash Rate consists of independent contractors, who are paid to develop and maintain the Limitless VPN.

Changes to Contracts

The Company does not reasonably expect any material changes to contracts or business relationships in the current financial year.

Lending

The Company's operations generally do not include any lending operations. The Company does not have a formal policy with respect to lending activities, nor does it have any lending or investment restrictions. Invoices to customers must be paid in a reasonable time period.

Bankruptcy and Similar Procedures

There were no bankruptcies, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or its subsidiaries, within the three most recently completed financial years, or during or proposed for the current financial year.

Reorganizations

There have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

4.2 Asset Backed Securities

The Company does not have any asset backed securities.

4.3 Companies with Mineral Projects

The Company does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Company does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following selected financial information is subject to the detailed information contained in the financial statements of the Company and related notes thereto appearing elsewhere in this Listing Statement. The selected financial information is derived from the audited financial statements of the Company for the years ended September 30, 2022, 2021 and 2020. This information should only be read in conjunction with the audited financial statements for the respective periods that is incorporated by reference herein.

	For the Years Ended September 30 (audited)		
	2022 ($)	**2021 ($)**	**2020 (restated) ($)**
Revenue	-	-	9,870
Total Expenses	3,130,410	4,135,778	498,393
Net and comprehensive income (loss)	(2,900,912)	(3,980,572)	(733,603)
Income (Loss) per Share – Basic and diluted	(0.05)	(0.11)	(0.04)
Balance Sheet Data:	**As at September 30, 2022 ($)**	**As at September 30, 2021 ($)**	**As at September 30, 2020 (restated) ($)**
Total Assets	6,891,623	8,449,287	58,144
Total Liabilities	370,055	757,871	991,697
Total Current Assets	1,325,906	2,901,237	2,538
Total Current Liabilities	370,055	706,071	794,190
Stockholders' Equity (deficit)	6,521,568	7,691,416	(933,553)

The Issuer has not paid dividends on its shares nor does it intend to do so in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of the Issuer to fund future growth, the financial condition of the Issuer and other factors that the board of directors of the Issuer may consider appropriate in the circumstances.

5.2 Quarterly Information

The results of the Company for each of the eight most recently completed quarters are summarized below:

Three Months Ended	Dec 2022	Sep 2022(1)	Jun 2022	Mar 2022(2)	Dec 2021(3)	Sep 2021	Jun 2021(4)	Mar 2021(4)
	$	$	$	$	$	$	$	$
Expenses	429,156	659,773	476,665	1,448,826	545,146	646,177	1,592,656	1,870,309
Net (loss) income	(428,810)	(1,631,921)	(1,106,440)	(1,477,568)	666,017	(502,749)	(1,613,845)	(1,839,406)
Total comprehensive (loss) income	(438,810)	(1,577,921)	(1,924,440)	(1,477,568)	2,079,017	(502,749)	(1,613,845)	(1,839,406)
Basic (loss) gain per Common Share	(0.01)	(0.03)	(0.02)	(0.02)	0.04	(0.01)	(0.03)	(0.05)

(1) During the quarter, the Company recognized an impairment loss on the Limitless VPN of $1,087,646.

(2) The increase in expenditures from the previous quarter was attributed to share-based compensation of $1,009,870.

(3) During the quarter, the Company recognized an unrealized gain on the fair value of derivative of $1,225,000 related to the warrant component of the investment in Next Decentrum.

(4) Higher expenditures and net loss due to higher advertising and promotion, consulting, investor relations and marketing costs of $1,523,819 and $1,449,841 during the March 2021 and June 2021 quarters, respectively, as well as other expenditures due to increased corporate activity.

5.3 Dividends

The Issuer has not paid dividends in the past and it has no present intention of paying dividends. Future dividends, if any, will be determined by the board on the basis of earnings, financial requirements and other conditions existing at the time.

5.4 Foreign GAAP

This section is not applicable to the Issuer.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

6.1 Management's Discussion and Analysis

The Company's annual MD&A for the year ended September 30, 2022 is set out in Schedule B and the Company's interim MD&A for the three months ended December 31, 2022 is set out in Schedule D.

7. MARKET FOR SECURITIES

7.1 Listings

The Common Shares of the Company are currently listed on the CSE under the stock symbol ("ANON") and the OTCQB operated by the OTC Markets Group in the United States under the stock symbol "CLGUF" and on the Frankfurt Stock Exchange under the symbol "1JI0". The Company's Common Shares became listed on the CSE on December 1, 2016.

8. CONSOLIDATED CAPITALIZATION

8.1 Consolidated Capitalization

The following table sets forth the capitalization of the Company as of September 30, 2022 and 2021 and as of the date of the Listing Statement. This table should be read in conjunction with the Company's audited annual financial statements and corresponding MD&A which are included in this Listing Application.

	September 30, 2021 ($)	September 30, 2022 ($)	As of the date of Listing Statement ($)
Stockholders' equity			
Common stock	16,425,140	16,817,468	17,534,673
Reserves	307,794	2,737,346	2,720,835
Accumulated deficit	(9,041,518)	(13,033,246)	(13,812,194)
Total equity (deficit)	7,691,416	6,521,568	5,763,234
Total current liabilities	706,071	370,055	251,539
Total liabilities	757,871	370,055	251,539

Except as disclosed below, there have been no material changes in the Company's share and loan capital since September 30, 2022.

- On October 11, 2022, 150,000 Common Shares were issued pursuant to vested RSUs.
- On February 21, 2023, 375,000 Common Shares were issued pursuant to vested RSUs.
- On March 20, 2023, 37,500 Common Shares were issued pursuant to vested RSUs.
- On April 24, 2023, 13,215,600 Common Shares were issued pursuant to a private placement.

- On April 25, 2023, 200,000 Common Shares were issued pursuant to exercise of warrants.
- On April 28, 2023, 80,000 Common Shares were issued pursuant to exercise of warrants.

As of the date hereof, the outstanding capital of the Company consists of:

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of September 30, 2022	Amount Outstanding as of date of Listing Statement
Common Shares	Unlimited	68,122,653	82,180,753
Options	6% of issued and outstanding shares	3,475,000	3,275,000
RSUs	4% of issued and outstanding shares	1,662,500	1,100,000
Warrants	N/A	21,998,065	34,933,665
Broker Warrants	N/A	Nil	Nil

9. OPTIONS TO PURCHASE SECURITIES

On July 15, 2021, the Board adopted and approved the Equity Incentive Plan and on September 14, 2021, the shareholders of the Company approved the Equity Incentive Plan. The purpose of the Equity Incentive Plan is to (a) enable the Company and any of its affiliates to attract and retain the types of employees, consultants and directors who will contribute to Anonymous Intelligence's long-range success; (b) provide incentives that align the interests of employees, consultants, and directors with those of the stockholders; and (c) promote the success of the Company's business. The Equity Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of Options, RSUs, PSUs and DSUs ("**Awards**").

The purpose of granting such Awards is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Options, RSUs, PSUs and DSUs granted under the Equity Incentive Plan to purchase shares.

The Equity Incentive Plan is considered to be an "evergreen" plan, since the Common Shares covered by Awards which have been exercised or terminated will be available for subsequent grants under the Equity Incentive Plan and the number of Awards available to grant increases as the number of issued and outstanding Common Shares increases. Pursuant to CSE Notice 2021-005, the Company must obtain security holder approval within the first three years of instituting an evergreen plan, and within every three years thereafter, in order to continue to grant Awards. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Company will not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as Options that have been granted but not yet exercised, can continue unaffected. The Company obtained security holder approval of the Equity Incentive Plan on September 14, 2021, and will further seek to obtain security holder approval of the Equity Incentive Plan within three years of that date, and within three years of any subsequent approval.

The aggregate number of shares issuable upon the exercise of all Awards granted under the Equity Incentive Plan shall not exceed 10% of the issued and outstanding common shares of the Company from time to time subject to the following limitations:

(a) the aggregate number of shares subject to an Award that may be granted to any one individual within any 12 month period shall not exceed 5% of the issued and outstanding shares;

(b) the aggregate number of shares subject to an Award that may be granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding shares determined at the time of such grant; and

(c) The aggregate number of Shares subject to an Award that may be granted to any one person conducting Investor Relations Activities in any 12 month period shall not exceed 2% of the issued and outstanding Shares determined at the time of such grant.

As determined by the Board or the Committee, Awards granted under the Equity Incentive Plan may be subject to vesting. The exercise price of an Award granted under the Equity Incentive Plan shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Award; and (b) the date of grant of the Award.

Pursuant to CSE Notice 2021-005, any grant of Awards that provides for the issuance of greater than 5% of the issued and outstanding shares at the time of adoption as applying to an individual, or 10% in total in the next 12 months, must first be approved by a majority of shareholders other than those excluded by law, Exchange requirements, and the Company's constating documents. Failure to obtain such approval is considered a breach of the CSE policy. The Equity Incentive Plan does not permit the issuance of greater than 5% of the issued and outstanding shares to any one individual within any 12 month period. The terms of an Award may not be amended once issued. If an Award is cancelled prior to its expiry date, the Company will not grant new Awards to the same person until 30 days have elapsed from the date of cancellation.

The maximum length of any stock option shall be five (5) years from the date the stock option is granted. Notwithstanding the above, a participant's stock option will expire 90 days after a participant ceases to act for the Company, other than for cause or by reason of death. Stock option of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Company. In the event of the death of a participant, the participant's estate shall have twelve (12) months in which to exercise the outstanding Options.

The aggregate number of shares issuable upon the exercise of Options and RSUs/DSUs/PSUs under the Equity Incentive Plan shall not exceed 6% and 4%, respectively, of the issued and outstanding common shares of the Company.

Pursuant to CSE Notice 2021-005, the Company will disclose the terms and conditions of all Options and RSUs in its public disclosure documents and will post a notice of cancellation or exercise of any Award during any calendar month in its monthly progress report filings with the Exchange. The Company will also ensure that the fair value or vesting price of RSUs, as applicable, will be included in all security-based awards.

As at the date of this Listing Statement there have been no Awards granted outside of the Equity Incentive Plan.

Options

As at the date of this Listing Statement, there are 3,275,000 Options outstanding as follows:

Persons who hold Options	Number of Stock Options(2)	Exercise Price ($)	Expiry Date	Market Value of Common Shares under Option on Date of Grant	Current Market Value of Common Shares under Option(1)
All officers of the Company, (2 persons)	700,000	0.095	February 14, 2027	$287,000	$122,250

Persons who hold Options	Number of Stock Options[(2)]	Exercise Price ($)	Expiry Date	Market Value of Common Shares under Option on Date of Grant	Current Market Value of Common Shares under Option[(1)]
All directors and past directors of the Company who are not also officers, as a group (4 persons)	200,000	0.095	July 20, 2027	$19,000	$35,000
	150,000	0.095	August 30, 2027	$12,750	$26,250
	75,000	0.12	October 25, 2024	$9,000	$13,125
	200,000	0.095	February 14, 2027	$82,000	$35,000
All other employees and past employees of the Company (5 persons)	225,000	0.095	February 14, 2027	$144,320	$39,375
	100,000	0.095	September 21, 2027	$7,000	$17,500
All consultants of the Company (8 persons)	1,375,000	0.095	February 14, 2027	$563,750	$240,625
	250,000	0.060	November 30, 2027	$15,000	$43,750
All other persons (Nil persons)	-	-	-	-	
Total:	**3,275,000**			**$1,139,820**	**$572,875**

(1) Based on a market price of $0.175 per Common Share on the CSE on May 10, 2023.
(2) The stock options vest immediately on the date of grant.

RSUs

As at the date of this Listing Statement, there are 1,100,000 RSUs outstanding as follows:

Persons who hold Options	Number of RSUs[(1)]	Expiry Date	Market Value of Common Shares on the Date of Grant	Current Market Value of Common Shares[(2)]
All officers of the Company, as a group (2 persons)	350,000	N/A	$143,500	$61,250
All directors and past directors of the Company who are not also officers, as a group 4 persons)	50,000	N/A	$20,500	$8,750
	37,500	N/A	$15,375	$6,563
	37,500	N/A	$15,375	$ 6,563
All other employees and past employees of the Company (1 person)	50,000	N/A	$20,500	$8,750
All consultants of the Company (6 persons)	325,000	N/A	$133,250	$56,875
	250,000		$102,500	$43,750
All other persons (Nil persons)	-	-	-	
Total:	**1,100,000**		**$451,000**	**$192,501**

(1) The RSUs vest at 25% every six months for a total of two years.

(2) Based on a market price of $0.175 per Common Share on the CSE on May 10, 2023.There are no PSUs or DSUs currently outstanding.

The full text of the Company's Equity Incentive Plan is attached as Schedule B to the Company's Management Information Circular dated August 3, 2021 and filed on SEDAR at www.sedar.com on August 13, 2021.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Company's Securities

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. All of the Common Shares of the Issuer are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per Common Share) and participation in assets upon dissolution or winding up. No Common Shares of the Issuer have been issued subject to call or assessment.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

The Common Shares are entitled to one vote per Common Share on all matters submitted to a vote of shareholders, including the election of directors. Except as otherwise provided by law or as provided in any resolution adopted by the Board providing for the issuance of any series or class of stock, the holders of Common Shares possess all voting power.

10.2-10.6

The only securities being listed by the Company are its Common Shares. All of the attributes of Common Shares are set out in Section 10.1.

10.7 Prior Sales of Common Shares

As at the date of this Listing Statement, there are 82,180,753 Common Shares issued and outstanding. In the 12 months prior to the date of this Listing Statement, the Company issued the following securities:

Date of Issuance	Type of Security Issued	Number of Anonymous Intelligence Securities Issued	Fair Market Value	Value Received ($)	Type of Transaction
September 7, 2022	Common Shares	12,500	$1000 (1)	Not applicable (1)	Vested RSUs
September 8, 2022	Common Shares	50,000	$4,250(1)	Not applicable (1)	Vested RSUs
October 11, 2022	Common Shares	150,000	$9,000(1)	Not applicable(1)	Vested RSUs
February 21, 2023	Common Shares	375,000	$26,250 (1)	Not applicable(1)	Vested RSUs
March 20, 2023	Common Shares	37,500	$1,875(1)	Not applicable(1)	Vested RSUs
April 24, 2023	units(2)	13,215,600	Not applicable	$660,780	Private Placement
April 25, 2023	Common Shares	200,000	Not applicable	$14,000	Exercise of warrants
April 28, 2023	Common Shares	50,000	Not applicable	$3,500	Exercise of warrants
April 28, 2023	Common Shares	30,000	Not applicable	$1,800	Exercise of warrants

(1) Based on the closing market price per Common Share on the CSE on the respective issuance dates of the RSUs.

(2) Each unit consisting of one Common Share and one share purchase warrant, each share purchase warrant of which is exercisable into a Common Share at the price of $0.06 until expiry on April 24, 2028. In the event that the Common Shares trade at a price of $0.15 or above for ten (10) consecutive trading days, the Company may, at its option, accelerate the warrant expiry date by providing notice of acceleration to the warrant holders by way of a news release, following which the warrants will expire on the 30th day from the date of the acceleration notice.

10.8 – Stock Exchange Price

The Common Shares are listed on the CSE under the stock symbol "ANON", on the OTCQB operated by the OTC Markets Group in the United States under the stock symbol "CLGUF" and on the Frankfurt Stock Exchange under the symbol "1JI0".

The following table sets out the high, low and closing trading prices and total trading volume of Anonymous Intelligence's Common Shares on the CSE on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters:

Month	High ($)	Low ($)	Close ($)	Volume Traded
October 1, 2020 to December 31, 2020	$0.08	$0.06	$0.06	39,779
January 1, 2021 to March 31, 2021	$2.52	$0.055	$1.71	451,707
April 1, 2021 to June 30, 2021	$2.38	$0.61	$0.70	445,443
July 1, 2021 to September 30, 2021	$0.68	$0.35	$0.35	201,972
October 1, 2021 to December 31, 2021	$0.66	$0.275	$0.30	175,455
January 1, 2022 to March 31, 2022	$0.52	$0.245	$0.245	152,317
April 1, 2022 to June 30, 2022	$0.29	$0.095	$0.095	89,447
July 1, 2022 to September 30, 2022	$0.115	$0.05	$0.06	54,197
October 1, 2022 to October 31, 2022	$0.065	$0.055	$0.065	37,780
November 1, 2022 to November 30, 2022	$0.070	$0.040	$0.045	1,106,195
December 1, 2022 to December 31, 2022	$0.085	$0.055	$0.060	1,921,766
January 1, 2023 to January 31, 2023	$0.10	$0.060	$0.09	2,205,363
February 1, 2023 to February 28, 2023	$0.12	$0.06	$0.065	1,207,012
March 1, 2023 to March 31, 2023	$0.06	$0.05	$0.06	918,011
April 1, 2023 to April 30, 2023	$0.21	$0.06	$0.21	8,000,200
May 1, 2023 to May 10, 2023	$0.23	$0.175	$0.175	1,864,906

11. ESCROWED SECURITIES AND POOLING AGREEMENTS

11.1 Escrowed Securities

As at the date of this Listing Statement, the Company has no shares subject to escrow or pooling agreements. There will be no Common Shares deposited in escrow in connection with the Change of Business.

12. PRINCIPAL SHAREHOLDERS

12.1and 12.2 Principal Shareholders

As at the date of this Listing Statement, to the knowledge of the directors and officers of the Issuer, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Issuer carrying more than 10% of the voting rights attached to the Common Shares.

12.3 Voting Trusts

To the knowledge of the Issuer, no voting trust exists such that more than 10% of any class of voting securities of the Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

13. DIRECTORS AND OFFICERS

13.1 – 13.3, 13.5, 13.11 Directors and Officers

The following table sets forth the name of all current directors and officers of the Issuer, their municipalities of residence, their current positions with the Issuer, their principal occupations during the past five years and the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Listing Statement.

Name, Address, Occupation and Security Holdings

Name, Municipality of Residence(1), Position(s) with Issuer	Principal Occupation or Employment During the Past Five Years	Period served in position with Issuer and expiry of term	Number(2) and Percentage of Common Shares of the Issuer Held as at the date of the Listing Statement (3)
Lucas Russell Victoria, British Columbia President & Chief Executive Officer	President and CEO of the Company from February 14, 2022 to present; owner/operator of LSR Consulting and Walrus Enterprises Corp., each a private company and wholly-owned by Mr. Russell, which provide advisory services to public and private companies related to business development, growth and mergers and acquisitions.	February 14, 2022 - present	125,000 – 0.18%
Nilda Rivera Richmond, British Columbia CFO & Corporate Secretary	CFO & Corporate Secretary of the Company from February 2021 to present; Consultant, Accounting & Finance from November 2019 to February 2021; Chief Financial Officer & Corporate Secretary of Fiore Cannabis Ltd. from March 2019 to November 2019; Vice President, Finance of Aurora	February 9, 2021 – present	200,000 – 0.29%

Name, Municipality of Residence[(1)], Position(s) with Issuer	Principal Occupation or Employment During the Past Five Years	Period served in position with Issuer and expiry of term	Number[(2)] and Percentage of Common Shares of the Issuer Held as at the date of the Listing Statement [(3)]
	Cannabis Inc. from July 2017 to February 2019; Corporate Secretary of Aurora Cannabis Inc. from August 2015 to February 2019.		
Allan Larmour[(3)] White Rock, British Columbia Director	Strategic business planning and investment consultant since 2009; CEO of Gama Explorations Inc. since April 2022; CEO of Norsemont Mining Inc. from June 2017 to September 2020; CFO of Norsemont Mining Inc. from June 2017 to April 2018. Director and President of Cannogen International Inc. from June 7, 2021 and CEO of Cannogen International Inc. from August 19, 2021, a BCBCA health products company that has filed a preliminary prospectus with the BCSC.	July 7, 2017 – present	568,974 – 0.83%
John Bean[(3)] West Vancouver, British Columbia Director	CFO of Western Canadian Properties Group from February 2014 to February 2022, a real estate and property development company; CFO of Cullinan Metals Corp. from June 9, 2022 to present. CFO of Allied Plumbing Heating and Air Conditioning Ltd. from October 26, 2022 to present, a private British Columbia corporation.	August 29, 2022 - present	72,500 – 0.09%
Kant Trivedi[(3)] Nobleton, Ontario Director	President and Chief Operating Officer of Blockfusion Technologies Inc. since 2017, a private digital asset company that operates crypto mining data centers powered by renewable energy.	February 9, 2021 - present	315,000 – 0.44%
Anthony Zelen Coldstream, British Columbia Director	President of Zelen Consulting Inc., a private company wholly-owned by Mr. Zelen which provides capital markets advisory services to public and private companies; and a senior officer and director of various public and private companies.	July 20, 2022 - present	55,000 – 0.08%

Notes:

(1) The information as to Common Shares beneficially owned or over which a director or officer exercises control or direction has been obtained from SEDI.

(2) Based on 68,685,153 Common Shares issued and outstanding as at the date hereof.

(3) Members of the Audit Committee. Each member is financially literate as is defined under National Instrument 52-110 - Audit Committees.

As at the date of this Listing Statement, the directors and officers of the Issuer as a group beneficially own, directly or indirectly, an aggregate of 1,336,474 Common Shares, representing 1.63% of the issued and outstanding Common Shares on a non-diluted basis.

Management and Directors and Officers

The following are brief biographical descriptions of the management and directors of the Issuer.

Lucas Russell (Age: 39) –President & Chief Executive Officer - Mr. Russell has over a decade of experience in the financial markets and has been involved with entrepreneurial businesses for over 15 years, including the development and financing of start-ups. He has served on boards and executive teams of several publicly traded companies, guiding them from private to public corporations including the turnaround and eventual sale of a cannabis company which was guided from near bankruptcy to an 8-figure exit in under 2 years. Mr. Russell is the owner and operator of LSR Consulting and Walrus Enterprises Corp., private companies and wholly-owned by Mr. Russell, which provide advisory services to public and private companies related to business development, growth and mergers and acquisitions. Mr. Russell has been an early and active investor in several successful crypto start-ups and currently serves as CEO of Valdor Technology International Inc. (CSE: VTI). Mr. Russell is passionate about building company value and finding accretive acquisitions for corporations. Mr. Russell has experience with a blockchain project for NFTUS (www.nftus.com), a private company, whereby he managed the development and creation of a technology application that integrated blockchain technology on a non-fungible token exchange platform. He also has experience on a separate blockchain project for NFiniTi Inc. (OTC: NFTN), whereby he managed the development of blockchain technology to create a non-fungible token exchange. Mr. Lucas has a Bachelor of Commerce Entrepreneurship degree from Royal Roads University and a diploma in marketing and communications from the British Columbia Institute of Technology. Mr. Russell is an employee with the Company who intends to spend approximately 100% of his business hours on the affairs of the Company. Mr. Russell has not entered into a non-disclosure agreement or non-competition agreement with the Company.

Nilda Rivera (Age: 57) – Chief Financial Officer & Corporate Secretary - Ms. Rivera has over 25 years of experience in corporate and operational finance and has managed publicly listed companies in the areas of accounting, finance, regulatory compliance and corporate governance. She was involved in IPOs, RTOs and mergers and acquisitions in several industries including cannabis, hemp, resource and technology, and assisted various start-up companies in achieving public listings on the CSE, TSXV and OTCBB, and their uplisting to the TSX and NYSE. Ms. Rivera served as Vice President of Finance and Corporate Secretary at Aurora Cannabis Inc. (ACB) where she was instrumental in building its finance team, and was involved in completing its early equity and debt financings and its uplisting to the TSX and NYSE. She has also served as CFO, Corporate Secretary and a director for other publicly listed cannabis, technology and exploration companies, including Fiore Cannabis Ltd., Lornex Capital Inc. (now Norsemont Mining Inc.), Prescient Mining Corp. (now Aurora Cannabis Inc.), Metropolitan Energy Corp. (now INDVR Brands Inc.), Sparrow Ventures Corp. (now WPD Pharmaceuticals Inc.), Ultra Lithium Corp. (now Ultra Lithium Inc.), Schwabo Capital Corporation, Avarone Metals Inc., Inca One Resources Corp. (now Inca One Gold Corp.), Afrasia Mineral Fields Inc. (now Intellabridge Technology Corporation), Mantle Resources Inc. (now NorZinc Ltd.), Sudamet Ventures Corp. (now Web3 Ventures Inc.), Minaean International Corp. (now Minaean SP Construction Corp.) and Mantle Resources Inc. (now ZincX Resources Corp.). Ms. Rivera has a Bachelor of Commerce in Economics degree from the University of Santo Tomas in the Philippines. Ms. Rivera is an employee with the Company who intends to spend approximately 100% of her business hours on the affairs of the Company. Ms. Rivera has not entered into a non-disclosure agreement or non-competition agreement with the Company.

Allan Larmour (Age: 68) – Director - Mr. Larmour is an accomplished entrepreneur with over 25 years of experience in Fortune 500 companies, start-up technology companies, international sales and business development, and executive management. He has been a strategic business planning and investment consultant since 2009. Mr. Larmour is a director and the CEO and President of Cannogen International Inc., a British Columbia company that has filed an amended preliminary prospectus with the BCSC as principal regulator. The principal business of Cannogen International Inc. is to develop, produce, market and sell science-based health products. He is a professional engineer and holds a Bachelor of Applied Science degree in electrical engineering and a Bachelor of Science degree in genetics, both from the University of British Columbia. Mr. Larmour provides his director services as a contractor of the Company and intends to spend approximately 10% of his business hours on the affairs of the Company. Mr. Larmour has not entered into a non-disclosure agreement or non-competition agreement with the Company.

Kant Trivedi (Age: 47) – Director – Mr. Trivedi has over 20 years of experience within the technology, telecommunications, financial services and blockchain sectors. He is a director and co-founder of Blockfusion Technologies Inc., a technology company building blockchain and AI infrastructure. Mr. Trivedi has been the President and Chief Operating Officer of Blockfusion Technologies Inc. since 2017, a private digital asset company that operates crypto mining data centers powered by renewable energy. Mr. Trivedi was chief operating officer and managing director (Partner) at Greenwich Associates, a consulting firm that works with several of the largest banks and Fintech firms globally, which he successfully led to an exit. He also held senior leadership positions with Rogers Communications Inc. and prior to Rogers, he was general manager at Look Communications Inc. Mr. Trivedi holds an MBA from Queen's University. He currently sits on the board of several public companies. Mr. Trivedi has a Master's degree in Business Administration from Queens University. Mr. Trivedi provides his director services as a contractor of the Company and intends to spend approximately 10% of his business hours on the affairs of the Company. Mr. Trivedi has not entered into a non-disclosure agreement or non-competition agreement with the Company.

Anthony Zelen (Age: 50) – Director – Mr. Zelen, a serial entrepreneur, has over 27 years of experience in finance, investor relations, sales, and corporate development. Mr. Zelen is the President of Zelen Consulting Inc., a private company wholly-owned by Mr. Zelen which provides capital markets advisory services to public and private companies; and is a senior officer and director of various public and private companies. He was a co-founder of BIGG Digital Assets Inc. (CSE: BIGG) which reached a market cap of over $900 million. He is a director and president of Senergy Communications Capital Inc. since 2006, which is focused on the public markets and is involved in investor relations, public relations, social media and strategic marketing for the technology, cannabis, pharmaceutical, mining and oil & gas sectors. Mr. Zelen has served as an officer and director of at least 16 publicly listed companies over the last 27 years. His business activities within the venture capital arena enabled him to establish a network of angel investors, family offices, accredited investors, and investment banking contacts throughout North America, Europe and Asia. He has also been involved in no less than a dozen startups including such companies as Diitalk Communications and Blockchain Intelligence Group. Mr. Zelen has a Bachelor of Art's degree in Political Science and Economics from Simon Fraser University. Mr. Zelen provides his director services as a contractor of the Company and intends to spend approximately 10% of his business hours on the affairs of the Company. Mr. Zelen has not entered into a non-disclosure agreement or non-competition agreement with the Company.

John Bean (Age: 70) – Director – Mr. Bean, a Chartered Professional Accountant, is an experienced cannabis and real estate sector chief financial officer who provides corporate finance leadership and strategic business development guidance, and strengthens corporate governance. Mr. Bean is currently a director of Norsemont Mininc Inc. (CSE: NOM), Tearlach Resources Limited (TSXV: TEA), Avarone Metals Inc. (CSE: AVM) and CFO of Cullinan Metals Corp. (CSE: CMT). He was CFO of Aurora Cannabis Inc. (NASDAQ: ACB; TSX: ACB) and served on the board of Prescient Mining Corp., which became Aurora Cannabis Inc., General Fusion Inc., SyncWave Energy Inc., TAP Ventures Inc., RSI International, BC Technologies Industry Association, Accenture's CSTaR (Center for Strategic Technology Research) and Bobolink Daycare Society for Deaf Children. He is also the CFO of Allied Plumbing Heating and Air Conditioning Ltd., from October 26, 2022 to present, a private British Columbia company. Mr. Bean holds a Bachelor of Commerce degree from the University of British Columbia. Mr. Bean provides his director services as a contractor of the Company and intends to spend approximately 10% of his business hours on the affairs of the Company. Mr. Bean has not entered into a non-disclosure agreement or non-competition agreement with the Company.

13.4 Board Committees of the Issuer

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibility to Anonymous Intelligence's shareholders relating to corporate accounting matters, the financial reporting practices of the Company, and the quality and integrity of the financial reports of the Company. In this regard, the Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have the ability to consider and discuss governance and audit issues with parties not directly responsible for operations. The members of the Company's Audit Committee are John Bean, Allan Larmour and Kant Trivedi and John Bean is the Chairperson of the Audit Committee. Allan Larmour was President of the Company from October 18, 2017 to March 31, 2021 and

CEO of the Company from October 18, 2017 to February 14, 2022, therefore, he is not considered independent. Kant Trivedi and John Bean are independent members of the Audit Committee.

13.5 Other Reporting Issuers

The following table sets out the directors and officers of the Issuer that are, or have been directors or officers of other issuers that are or were reporting issuers within the last 5 years:

Name	Name of Reporting Issuer	Name of Trading Market	Position	From	To
Allan Larmour	Norsemont Mining Inc.	CSE	Director	Aug-2013	Present
	Norsemont Mining Inc.	CSE	CEO	Jun-2017	Sep-2020
	Norsemont Mining Inc.	CSE	CFO	Jun-2017	Apr-2018
	Tisdale Clean Energy Corp.	TSX-V	Director	Mar-2022	Present
	Gama Explorations Inc.	CSE	President & Director	Apr-2022	Present
	Avarone Metals Inc.	CSE	Director	Mar-2022	Present
Kant Trivedi	Norsemont Mining Inc.	CSE	Director	Oct-2015	Jan-2022
Anthony Zellen	Ronin Ventures Corp.	TSXV	Dir./CEO/CFO/Corp Sec	Jan-2022	Present
	Jessy Ventures Corp.	TSXV	Director	Nov-2018	Present
	Jessy Ventures Corp.	TSXV	CEO	Apr-2019	Present
	Samurai Capital Corp.	TSXV	Director	Dec-2020	Present
	Rex Resources Corp.	TSXV	Director	Jul-2020	Present
	Prospect Park Capital Corp.	CSE	Director	Jul-2021	Present
	Midpoint Holdings Limited	TSXV	Director	May-2021	Sept - 2022
	Lida Resources Inc.	CSE	Director/CEO	June - 2021	Present
	New Wave Holdings Corp.	CSE	Director	June-2020	Present
	Kings Entertainment Group Inc.	CSE	Director	Dec-2021	Present
	Paloma Resources Inc.	TSXV	Director/CFO	May-2017	Present
	Longhorn Exploration Corp.	TSXV	Director & CEO	Apr-2021	Present
	Hollister Biosciences Inc.	CSE	Director	Nov-2019	Oct-2021
	First Hydrogen Corp.	TSXV	Director	Apr-2008	Aug-2021
	BIGG Digital Assets Inc.	CSE	Director	Nov-2017	Aug-2020
	Allied Corp.	OTCMarkets	Director	Aug-2019	Mar-2020
	New Destiny Mining Corp.	TSXV	Director	Jul-2015	Apr-2018
	Calaveras Resource Corp.	Reporting Issuer	Director & CEO	April-2017	Dec-2018
	Spirit Blockchain Capital Inc.	CSE	Director	July-2021	Present
Lucas Russell	Valdor Technology International Inc.	CSE	President, CEO & Director	Jul-2021	Present
	Looking Glass Labs Ltd.	NEO/AQSE	Director	Dec - 2022	Present
Nilda Rivera	Aurora Cannabis Inc.	Nasdaq; TSX	Corporate Secretary	Sep-2015	Feb-2019
	Fiore Cannabis Ltd.	CSE	CFO	Mar-2019	Nov-2019
John Bean	Norsemont Mining Inc.	CSE	Director	Feb-2022	Present
	Cullinan Metals Corp.	CSE	CFO	Jun-2022	Present
	Tearlach Resources Limited	TSXV	Director	Sep – 2022	Present
	Avarone Metals Inc.	CSE	Director	May - 2019	Present

13.6 Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of the Company, no director or officer of the Company, or a securityholder holding a sufficient number of securities of the Company to materially affect the control of the

Company, is or has been, within 10 years before the date of this Listing Statement, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Larmour was a director of EmerGeo Solutions Worldwide Inc. ("**EmerGeo**") when it became the subject of a cease trade order issued by the British Columbia Securities Commission dated August 7, 2013, for its failure to file a comparative financial statement for the financial year ended March 31, 2013, and a management's discussion and analysis for the period ended March 31, 2013. On November 6, 2013, EmerGeo became the subject of a cease trade order issued by the Alberta Securities Commission for its failure to file annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended March 31, 2013, and interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended June 30, 2013. As at the date hereof, both cease trade orders remain in effect.

Mr. Larmour was also a director of EmerGeo Solutions Inc., a subsidiary of EmerGeo incorporated on July 2, 2002, and in the business of providing emergency and crisis management software and services, when it filed an Assignment in Bankruptcy on February 16, 2012. The assets of EmerGeo Solutions Inc. were subsequently sold and recovered amounts paid to debtors.

Mr. Bean was an officer of Underground Energy Corporation ("**UGE**") when it became subject of a cease trade order issued by the BCSC dated May 2, 2013 for UGE's failure to file a comparative financial statement for the financial year ended December 31, 2012 and a management's discussion and analysis for the period ended December 31, 2012.

Mr. Bean was an officer of UGE when it became subject of a cease trade order issued by the BCSC on July 4, 2013 for UGE's failure to file financial statements and management's discussion and analysis for both the year ended December 31, 2012 and the three months ended March 31, 2013.

Mr. Bean was an officer of UGE when it became subject of a cease trade order issued by the Alberta Securities Commission on October 3, 2013 for UGE's failure to file financial statements and management's discussion and analysis for the year ended December 31, 2012, the three months ended March 31, 2013 and six months ended June 30, 2013.

Mr. Bean was an officer of UGE. UGE was dissolved in 2018. On March 4, 2013, Underground Energy, Inc. ("**UEI**"), the wholly-owned subsidiary of UGE, voluntarily filed for Chapter 11 creditor protection in the U.S. Federal Court. The filing was made in response to liens filed by creditors against UEI's principal properties. On January 5, 2015, the U.S. Federal Court approved a plan of reorganization, whereby the assets of UEI were managed by a trust, the trustees of which were representatives of the creditors. Over the ensuing years to December, 2017, the trust sold all assets, with proceeds going to the creditors. UEI was dissolved in 2015. The Underground Energy Trust bankruptcy case entity was officially closed in December, 2017. The parent company, UGE, was dissolved in 2018.

Anthony Zelen was a director of Hollister Biosciences Inc. ("**HBI**") when the BCSC issued a cease trade order on June 16, 2020 against it for failure to file its annual financial statements and related management's discussion and analysis and certifications for the year ended December 31, 2019. This cease trade order was revoked on July 15, 2020.

Anthony Zelen was a director of HBI when the BCSC issued a cease trade order on May 4, 2021 against it for failure to file its annual financial statements and related management's discussion and analysis and certifications for the year ended December 31, 2020. This cease trade order was revoked on June 1, 2020.

Anthony Zelen was a director of New Wave Holdings Corp. ("**New Wave**") when the BCSC issued a cease trade order on July 31, 2021 against it for failure to file its annual financial statements and related management's discussion and analysis and certifications for the year ended March 31, 2021. This cease trade order was revoked on October 29, 2021.

Anthony Zelen was a director of New Wave when the Ontario Securities Commission issued a cease trade order on August 3, 2021 against it for failure to file its annual financial statements and related management's discussion and analysis and certifications for the year ended March 31, 2021. This cease trade order was revoked on November 1, 2021.

Anthony Zelen was a director of New Wave when the Ontario Securities Commission issued a cease trade order on October 5, 2021 against it for failure to file its annual audited financial statements for the year ended March 31, 2021 and its interim financial statements and related management's discussion and analysis and certifications for the period ended June 30, 2021. This cease trade order was revoked on October 29, 2021.

Mr. Zelen, while acting as the chief executive officer and a director of Lida Resources Corp. ("**Lida**"), Lida was subject to a failure-to-file financial statements management cease trade order issued by the principal regulator of British Columbia on December 31, 2021. The management cease trade order was revoked on March 4, 2022.

13.7 and 13.8 Penalties, Sanctions and Settlement Agreements

Except as set out below, no director or officer of the Issuer, or a shareholder that holds a sufficient amount of securities of the Issuer to materially affect control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Pursuant to a Settlement Agreement dated November 27, 2017, Lucas Russell, the President and CEO of the Company, admitted that in or about June 2016, he cut and pasted client signatures from account forms previously signed by two clients onto two new account forms, contrary to Mutual Fund Dealers Association of Canada ("**MFDA**") Rule 2.1.1 – *Standard of Conduct*. Mr. Russell was registered in the mutual fund industry commencing in March 2009. Between January 2015 and June 2016, Mr. Russell was registered in British Columbia as a mutual fund salesperson (now known as a dealing representative) with a member of the MFDA. A Hearing Panel of the MFDA issued its Reasons for Decision dated March 7, 2018 in connection with a settlement hearing held in Vancouver, British Columbia on January 22, 2018. In its Reasons for Decision, the Hearing Panel confirmed the sanctions imposed on Mr. Russell. In particular, Mr. Russell: was prohibited from conducting securities related business in any capacity while in the employ of or associated with a MFDA Member for a period of six months; ordered to pay a fine in the amount of $2,500; and recognized receipt of costs in the amount of $2,500.

13.9 Personal Bankruptcies

No director, officer or promoter of the Issuer, or a shareholder that holds a sufficient amount of securities of the Issuer to affect materially the control of the Issuer, or a personal holding Issuer of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 Conflicts of Interest

To the best knowledge of the Issuer, and other than as disclosed below, there are no known existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer except that certain of the directors and officers of the Issuer serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Issuer and their duties as a director and/or officer of such other companies. See *Section 17 – Risk Factors*.

The directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

13.11 Management Contracts

Other than the management contracts entered into with certain officers of Anonymous Intelligence as described under the "*Executive Compensation*" section in the Company's Management Information Circular dated March 24, 2023 which was filed under the Company's issuer profile on SEDAR at www.sedar.com on March 28, 2023, there have been no material changes to the management contracts as disclosed under the "*Executive Compensation*" section and there is no intention to make any material changes to the management contracts as disclosed therein.

14. CAPITALIZATION

14.1 Issued Capital

Issued Capital[(1)]	**Number of Securities (non-diluted)**	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total Outstanding **(A)**	**82,180,753**	**121,489,418**	**100%**	**100%**
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) **(B)**	1,311,474	4,093,974	1.60%	3.37%
Total Public Float (A-B)	**80,869,279**	**117,395,444**	**98.40%**	**96.63%**

Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in shareholder agreement and securities held by control block holders **(C)**	-	-	-	-
Total Tradeable Float (A-C)	**82,180,753**	**121,489,418**	**100%**	**100%**

Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the Issued Capital table above:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	1	1
100 – 499 securities	10	1,200
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	1	2,200
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities		
5,000 or more securities	43	9,565,154
TOTAL:	**55**	**9,568,555**

Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public securityholders" of the Company, being persons other than persons enumerated in section (B) of the Issued Capital table above who either: (i) hold securities in their own name as registered stockholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	111	4,824
100 – 499 securities	323	73,816
500 – 999 securities	208	137,309
1,000 – 1,999 securities	243	305,984
2,000 – 2,999 securities	136	310,607
3,000 – 3,999 securities	62	205,035
4,000 – 4,999 securities	44	188,159
5,000 or more securities	460	79,643,545
TOTAL:	**1,587**	**80,869,279**

Non-Public Securityholders (Registered)

For the purposes of this chart, "non-public securityholders" are persons enumerated under (B) in the Issued Capital table above.

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	1,311,474
TOTAL:	**6**	**1,311,474**

14.2 Convertible Securities

The following table sets out particulars of securities convertible or exchangeable into Common Shares:

Description of Security	Number of Securities	Number of listed Common Shares upon conversion/exercise
Options(1)	3,275,000	3,275,000
Warrants(2)	34,933,665	34,933,665
RSUs(3)	1,100,000	1,100,000

(1) Consisting of 2,500,000 Options exercisable at $0.095 until expiry on February 14, 2027; 200,000 Options exercisable at $0.095 until expiry on July 20, 2027; 150,000 Options exercisable at 0.095 until expiry on August 30, 2027; 75,000 Options exercisable at $0.12 until expiry on October 25, 2024; 100,000 Options exercisable at $0.095 until expiry on September 21 , 2027; and 250,000 Options exercisable at $0.06 until expiry on November 30, 2027.

(2) Consisting of 4,723,654 Warrants exercisable at $0.40 until expiry on December 31, 2023; 558,078 Warrants exercisable at $0.40 until expiry on May 31, 2023; and 16,466,333 Warrants exercisable at $0.07 until expiry on January 31, 2024, and 13,185,600 Warrants exercisable at $0.06 until expiry on April 24, 2028.

(3) Consisting of 775,000 RSUs that will fully vest on February 14, 2024; 37,500 RSUs that will fully vest on July 20, 2022; 37,500 RSUs that will fully vest on August 30, 2022; and 250,000 RSUs that will fully vest on November 30, 2024.

14.3 Other Securities reserved for Issuance

There are no other securities of the Issuer reserved for issuance that are not included in Section 14.2.

15. EXECUTIVE COMPENSATION

For information on Executive Compensation of the Company, see the "*Executive Compensation*" section in the Company's Management Information Circular dated March 24, 2023 which was filed under the Company's issuer profile on SEDAR at www.sedar.com on March 28, 2023. There have been no material changes to Executive Compensation as disclosed in the Company's Management Information Circular dated March 24, 2023 and there is no intention to make any material changes to the Executive Compensation as disclosed therein.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There are no individuals who are, or were at any time during the most recently completed financial year of the Company, a director or executive officer of the Company, and there were no associates of any such director or executive officer (a) who is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries or (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

17. RISK FACTORS

17.1 Description of Risk Factors

An investment in the Company's securities is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment.

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the Common Shares. Due to the nature of Anonymous Intelligence's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Anonymous Intelligence is subject to significant risks. The risks described herein are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties of which management is not currently aware or that management currently believes to be immaterial may also materially adversely affect Anonymous Intelligence's business and financial condition and the future trading price of the Common Shares.

Reliance on Management

The success of Anonymous Intelligence is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Anonymous Intelligence's business, operating results or financial condition.

Key Personnel

The Company's success will depend on its directors' and officers' ability to develop and execute its business strategies and manage its ongoing operations. Furthermore, the Company's continued growth will depend on its ability to identify, recruit and retain key management and technical personnel. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical staff as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future which may adversely impact operations.

Cybersecurity

The Company relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, the Company and/or its customers are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including confidential private information), corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked.

The Company's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, damage to hardware, computer viruses, hacking and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Company's information technology or confidential information, or that of the Company's userbase and third parties with whom the Company interacts, may result in negative consequences, including the inability to onboard new users, reputational harm affecting customers and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Company's business, financial position, results of operations or cash flows. As the Company has access to sensitive and confidential information, including personal information, and since the Company may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information, may be disclosed through improper use of Company systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. The Company's ongoing risk and exposure to these matters is partially attributable to the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. There could also be elevated risk associated with cybersecurity matters as a result of COVID-19.

As with any computer code generally, flaws in cryptocurrency codes of the Company's third-party custodians may be exposed by malicious actors. To date, several hackings of third-party custodians have become public knowledge whereby hackers have exploited security vulnerabilities in computer code used by cryptocurrency exchanges, digital wallets and companies that hold cryptocurrency to steal the equivalent of hundreds of millions of dollars based on current exchange rates. Such events would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Privacy Laws

Anonymous Intelligence is subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Any failure by the Company to comply with privacy related laws and regulations could result in proceedings against Anonymous Intelligence by governmental authorities or others, which could harm the Company's business. In addition, the interpretation of data protection laws, and their application is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from province to province, state to state, country to country or region to region, and in a manner that is not consistent with the Company's current data protection practices. Complying with these varying requirements could cause Anonymous Intelligence to incur additional costs and change the Company's business practices. Further, any failure by the Company to adequately protect partner or consumer data could result in a loss of confidence in Anonymous Intelligence's platform which could adversely affect its business.

Third Parties

The Company relies heavily on third parties such as its IT and cryptocurrency mining service providers to provide some of its services. If these third parties were unable or unwilling to provide these goods and services in the future due to COVID-19 or other events that cause an anomalous disruption in supply or demand of such services, the Company would need to obtain such services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these services are replaced if possible.

The Company intends to use third-party custodians and sub-custodians to hold its cryptocurrencies in digital wallets. While not currently anticipated, the Company could have a high concentration of its digital assets in one location or with one custodian or sub-custodian which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware or cyberattacks.

Cryptocurrencies held by certain custodians and sub-custodians may be transferred into "cold storage" in which case there could be a delay in retrieving such digital assets. The Company may also incur costs related to the third-party custody and storage of its cryptocurrencies. Any security breach, incurred cost or loss of cryptocurrencies associated with the use of a custodian or sub-custodian could materially and adversely affect the Company's investment and trading strategies, the value of its crypto assets and the value of any investment in the Company.

Regulatory Risks

The Company is subject to a variety of laws, regulations and guidelines in the jurisdictions in which it operates and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes to the jurisdictions in which it operates. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business of the Company. In addition, the Company's failure to comply with laws and regulations or obtain any required approvals thereunder could also have a material adverse effect on its business. Such laws and regulations are subject to change, including as a result of unforeseen events such as the current COVID-19 pandemic. Accordingly, it is impossible for the Company to predict the cost or impact of changes to such laws and regulations on its respective future operations.

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the technology industry. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition. Operation in the technology industry may carry significantly higher risks of litigation or regulatory oversight than operations in other industries.

Dependence on Internet Infrastructure

The success of any developer of VPN technology will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. It cannot be assured that the infrastructure will continue to be able to support the demands placed upon it by Anonymous Intelligence’s technology or that the performance or reliability of the technology will not be adversely affected by continued growth.

Technological change

The Company operates in a highly competitive environment where its software and other products and services are subject to rapid technological change and evolving industry standards. The Company’s future success partly depends on its ability to acquire, design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry and its customers’ increasingly sophisticated needs. There is a risk that similar products which may include features more appealing to customers may be developed after the Limitless VPN has established itself in the North American markets; and that other products competing with the Company’s Limitless VPN may use technologies not yet incorporated in the Company’s business.

Limited Operating History

The Company has a limited history of operations. As such, the Company will be subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders’ investment. There can be no assurance that the Company will be able to operate profitably or that any of its activities will generate positive cash flow.

Liquidity and Additional Financing

Additional funds, by way of private placement offerings, may need to be raised to finance the Company's future activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Going-Concern Risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Operating Losses

The Company is in the growth phase of its business and is subject to the risks associated with early stage companies, including the fact it has not generated revenues to date, and the need to raise additional funding to continue operations. Anonymous Intelligence's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development, particularly companies in relatively new and evolving markets.

The Company has had no earnings or cash flow. The Company has had negative operating cash flow since the Company's inception and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations on acceptable terms or at all.

Conflicts of Interest

The Company may be subject to potential conflicts of interest as some of its directors and officers may be engaged in a range of other business activities. The Company's executive officers and directors are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations.

The Company may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws including the BCBCA. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the Company's best interests.

Risks Related to Insurance

The Company intends to insure its operations and intellectual property assets in accordance with technology industry practice. However, such insurance may not be available, may be uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance coverage. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the Company.

The Company may become subject to liability for risks against which it is uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Cryptocurrencies held by Newton and NiceHash on behalf of the Company, and potentially by Kraken under the Argent Monetization Strategy, are not insured, and Newton, NiceHash, Kraken and Argent Crypto do not bear any liability for loss or theft of cryptocurrencies held in such accounts.

Newton has obtained a guarantee from CoinCover for 100% of the client assets held with sub-custodian Fireblocks, excluding losses arising from the gross negligence, willful misconduct or fraud of an employee or representative of Newton. The guarantee covers the theft or loss of crypto assets and also includes a software technology solution which monitors and limits transactions and prevents funds from being maliciously taken from Fireblocks wallets. The total aggregated cover amount under the CoinCover guarantee is currently over US$19.5 million and the coverage amount is reviewed periodically by Newton.[33] Additionally, sub-custodian Coinbase Custody maintains US$320 million of insurance (pre-incident and overall) which covers losses of assets held by Coinbase Custody on behalf of its customers due to third party hacks, copying or theft of private keys, insider theft, or dishonest acts by the Coinbase Custody's employees or executives and loss of keys.[34] Newton expressly limits its liability in all other instances of theft and loss in its Terms of Use. In the event of theft or loss of such assets, the Company would have little recourse to recover the loss of value of such assets.

Litigation, Mediation, and/or Arbitration

The Company may become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause it to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While Anonymous Intelligence has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact Anonymous Intelligence's business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of the Company.

Share Price Volatility

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to several factors, many of which are beyond the Company's control including actual or anticipated fluctuations in the Company's results of operations; changes in the economic performance or market valuations of companies in the same industry in which the Company operates; sales or perceived sales of additional Common Shares; release or expiration of transfer restrictions on outstanding Common Shares; operating and share price performance of other companies that investors deem comparable to the Company; addition or departure of the Company's executive officers and other key personnel; announcements of developments and other material events by the Company or its competitors; sentiments toward technology sector stocks; recommendations by securities research analysts; operating and financial performance that varies significantly from the expectations of management, securities analysts and investors; regulatory changes affecting the Company's industry, business and operations; news reports relating to trends, concerns, technological or competitive developments, and other related issues in the Company's

[33] Newton Terms of Use, *supra* note 26.
[34] Newton Risk Disclosure, *supra* note 27.

industry or target markets; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility.

These factors may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have, from time-to-time, experienced extreme price and volume fluctuations. The same applies to companies in the technology sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

Finally, as a result of the COVID-19 pandemic, global equity and capital markets have experienced significant volatility and weakness. The extent to which the COVID-19 pandemic impacts the Company's future business, including Anonymous Intelligence's operations and the market for securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the COVID-19 pandemic and the actions taken to contain or treat the COVID-19 pandemic. It is not possible to reliably estimate the length and severity of these developments or the negative impact on our financial results, Common Share price and financial position in future periods. Many of the risks, uncertainties and other risk factors identified in this Listing Statement are, and will be, amplified by the COVID-19 pandemic.

Intellectual Property

Anonymous Intelligence's success depends in part on its ability to protect its ideas and technology. Even if it moves to protect its technology with trademarks, patents, copyrights or by other means, Anonymous Intelligence is not assured that competitors will not develop similar technology and business methods or that it will be able to exercise its legal rights. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact on the Company's ability to successfully grow its business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect Anonymous Intelligence's business, financial condition and operations.

Defects or Disruptions in Technology Platforms

Defects or disruptions in the technology platforms and network infrastructure Anonymous Intelligence relies on could materially harm the Company's business and operating results. The Company's operations are dependent upon its ability to protect its computer equipment and stored information against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although the Company has redundant and back-up systems for some of Anonymous Intelligence's solutions and services, these systems may be insufficient or may fail and result in a disruption of availability of the Company's solutions or services. Anonymous Intelligence also relies on third-party Internet providers and developers, and such third parties and their technology platforms, services and operations may also be vulnerable to similar defects and disruptions, which could in turn affect the Company's operations. Any disruption to the Company's services could impair Anonymous Intelligence's reputation and cause it to lose partners, customers or revenue, or face litigation, necessitate service or repair work that would involve substantial costs and distract management from operating the business. The Company may not be indemnified by third parties for any disruptions to our services that are outside of our direct control.

Confidentiality Risk

Personal information collected by the Company in the ordinary course of business may be vulnerable to breach, theft or loss. This could subject the Company to liability or negatively impact the Company's reputation and operations. The Company collects, uses and retains large amounts of personal information from its user base, including personal and financial data. The Company also collects and maintains personal information of its employees. Although the Company uses security controls to limit access and use of personal information, a third party or internal errors within the Company may circumvent these controls, which could result in a breach of privacy for its user base. A violation of any laws or regulations relating to the collection or use of personal information could result in the Company incurring fines. While the Company believes it takes appropriate precautions and safety measures, there is still a possibility that a breach, theft or loss of personal information may occur. Any breach, theft or loss of such personal information could negatively impact the Company's financial condition, reputation, and may result in the Company incurring liability.

The Company may write-off intangible assets

The carrying value of the Company's intangible assets is subject to periodic impairment testing. Under current accounting standards, intangible assets are tested for impairment on a recurring basis and the Company may be subject to impairment losses as circumstances change after an acquisition. The circumstances leading to an impairment loss may also have a material adverse impact on the Company's business, financial condition, results of operations, or cash flows. If the Company records an impairment loss related to its intangible assets, it could have a material adverse effect on the trading price of the Common Shares.

COVID-19 Pandemic and Other Global Pandemics and Events

Anonymous Intelligence's business, results of operations and financial position may be affected by the COVID-19 pandemic. The efforts to contain COVID-19 have negatively impacted the global economy, disrupted manufacturing operations as well as global supply chains and created significant volatility and disruption of financial markets. Businesses in many countries around the globe, including Canada, the United States and other countries have been required to close, or materially alter their day-to-day operations due to government-ordered or recommended shut-downs or equivalent restrictions on individuals and businesses, which may prevent many businesses from operating. A pandemic poses the risk that the Company's employees and partners may be prevented from conducting business activities for an indefinite period due to the transmission of the disease or due to emergency measures or restrictions that may be requested by governmental authorities. These emergency measures and restrictions, and future measures and restrictions taken in response to the COVID-19 pandemic or other pandemics, have caused and may cause, material disruptions to businesses globally. The COVID-19 pandemic may affect our employees' ability to perform work and operate the Company, may affect the financial viability of Anonymous Intelligence's partners and customers, and could cause them to exit certain business lines, or change the terms on which they are willing to purchase the Company's products and solutions. Further, the impact of the COVID-19 pandemic has resulted in a significant reduction in global advertising expenditures for many brands. The duration of the recovery period is uncertain, and it is challenging to accurately forecast spending recovery and regional and category growth over the coming quarters, which may impact the Company's revenue projections. Any of these events could cause or contribute to risk and uncertainty and could adversely affect Anonymous Intelligence's business, results of operations and financial position.

Dividends

Anonymous Intelligence has not declared nor paid any cash dividends on any of its issued Common Shares since its inception. The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future. Other than requirements imposed under applicable corporate law, there are no other restrictions on Anonymous Intelligence's ability to pay dividends under the Company's constating documents. Subject to the BCBCA, payment of any dividends, if any, will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, and current and anticipated cash needs. All of the Common Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

Failure of Cryptocurrency Exchanges

The Company is not acting and will not act as an exchange, is not offering and will not offer coins or tokens, nor is it acting nor will it act as a platform that facilitates the trading of crypto assets that are securities or instruments or contracts involving crypto assets. When cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, such events could result in a reduction in cryptocurrency prices or confidence and impact Anonymous Intelligence's business and have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects and operations of the Company.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, commodities or currencies. For example, during the past four years, a number of cryptocurrency exchanges have closed due to fraud, business failure or security breaches. In early 2019, the QuadrigaCX trading platform ("**Quadriga**") ceased operations, which the Ontario Securities Commission attributed largely to fraudulent activity of its co-founder and CEO, Gerald Cotton. Quadriga subsequently filed for creditor protection. Clients of Quadriga were owed approximately an aggregate of $215 million and only approximately $46 million was recovered to pay such clients. In November 2022, the FTX Exchange ("**FTX**") trading platform filed for Chapter 11 bankruptcy protection in the United States. The collapse of FTX meant the company was unable to pay $8 billion in liabilities to as many as 1 million creditors, leaving many investors with no recourse to get their money back. The former CEO of FTX, Sam Bankman-Fried, was indicted in New York on multiple counts of securities fraud and money laundering. The size and scope of these events, combined with the underlying fraudulent and criminal activity, has caused cryptocurrency and other digital asset values to decline, increased hesitancy among investors to invest in cryptocurrencies, and increased the regulatory scrutiny of companies affiliated with cryptocurrencies. The fallout from these events, and the possibility of similar events occurring in the future, would have a material adverse effect on the business, prospects, or operations of the Company and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

While smaller exchanges are less likely to have the infrastructure and capitalization that may provide larger exchanges with some stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. In the event the Company faces fraud, security failures, operational issues or similar events such factors would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects and operations of the Company.

There is also no guarantee that when the Company or a custodian attempts to convert cryptocurrencies to fiat currencies on an exchange platform that a corresponding buy order for such cryptocurrency will be available at any given time. This could result in the Company being unable to convert its cryptocurrency into fiat currency at a desired conversion rate, or at all, and would have a material adverse effect on the business, prospects, or operations of the Company and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Cryptocurrency Regulatory Changes

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies, with certain governments deeming them illegal while others have allowed their use and trade.

Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation. The effect of any future regulatory change on the Company's business or any cryptocurrency that may impact the Company's business is impossible to predict, but such change could be substantial and would have a material adverse effect on the business, prospects and operations of Anonymous Intelligence.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. Similar actions by governments or regulatory bodies could result in restriction of the acquisition, ownership, holding, selling, use or trading in the Company's securities. Such a restriction could have a material adverse effect on the Company's ability to continue as a going concern or to pursue this segment at all or raise new capital, which would have a material adverse effect on the business, prospects or operations of Anonymous Intelligence and could harm investors in the Company's securities.

On-going and future regulatory actions and regulatory change related to the Company's business or cryptocurrencies may impact its ability to continue to operate and such actions could affect the Company's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of Anonymous Intelligence.

Current and future legislation and rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which cryptocurrencies are viewed and regulated or treated for classification and clearing purposes. Anonymous Intelligence cannot be certain as to how future regulatory developments will impact the treatment of cryptocurrencies under the law. If the Company determines not to comply with such additional regulatory and registration requirements, the Company may seek to cease certain of its operations or be subjected to fines, penalties and other governmental action. Any such action may adversely affect an investment in the Company as well as its ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Uncertain Future of Cryptographic and algorithmic protocols

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur and is unpredictable. The factors include, but are not limited to:

- continued worldwide growth in the adoption and use of cryptocurrencies;
- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer sentiment and perception of Monero and USD Coin, and cryptocurrencies generally.

Such events would have a material adverse effect on the Company's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of Anonymous Intelligence and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors in the Company's securities.

Banks and financial institutions may not provide banking services

A number of companies that provide Bitcoin and/or other cryptocurrency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. In this regard, the

Company also may be unable to obtain or maintain these services.

The difficulty that many businesses that provide Bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies and could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing Bitcoin and/or other cryptocurrency-related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and commodities exchanges, the over the counter market and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could result in the inability of Anonymous Intelligence investors to open or maintain stock or commodities accounts, including the ability to deposit, maintain or trade the Company's securities. Such factors would have a material adverse effect on the Company's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of Anonymous Intelligence and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors.

Geopolitical events

Crises, including the recent invasion of Ukraine by Russia and increased political tension between China and Taiwan, may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of any cryptocurrencies held by the Company's custodians and sub-custodians. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold.

As an alternative to gold or fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is uncertain but could be harmful to the Company and investors in the Company's securities. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Such events would have a material adverse effect on the Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Acceptance of cryptocurrency

Currently, there is a relatively small use of Bitcoins and/or other cryptocurrencies in the retail and commercial marketplace for goods or services. In comparison there is relatively large use by speculators contributing to price volatility.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Political or economic risks

As an alternative to fiat currencies that are backed by central governments, digital assets such as Bitcoins and Ethereum, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Bitcoins and Ethereum and other cryptocurrencies either globally or locally. Large-scale sales of Bitcoins and Ethereum or other cryptocurrencies would result in a reduction in their value and could adversely affect Anonymous Intelligence. Such circumstances would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors.

Illegality

Although currently cryptocurrencies and other digital assets generally are not regulated or are lightly regulated in most countries, including the United States and Canada, one or more countries such as China and Russia may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect the Company and on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Lack of liquidity

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitoring investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of digital assets. These factors may decrease liquidity or volume, or increase volatility of digital assets trading on a ledger-based system, which may adversely affect the Company. Such circumstances would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors.

Anonymous Intelligence has an evolving business model

As FinTech and blockchain technologies become more widely available, Anonymous Intelligence expects the services and products associated with them to evolve. As a result, to stay current with the industry, the Company's business model may need to evolve as well. From time to time, Anonymous Intelligence may modify aspects of its business model relating to its product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. Anonymous Intelligence may not be able to manage growth effectively, which could damage the Company's reputation, limit its growth and negatively affect its operating results. Such circumstances would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on Anonymous Intelligence's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors.

Competition

Many of the Company's current and potential competitors may have greater brand recognition, longer operating histories, larger customer bases and significantly greater financial, marketing and other resources than Anonymous Intelligence does. Accordingly, these competitors may be able to spend greater amounts on product development, marketing and distribution. This advantage could enable the Company's competitors to acquire larger market share and develop and offer more competitive products and services. Such competition could adversely impact Anonymous Intelligence's ability to attain the financing necessary for it to develop its business plan. In the face of competition, Anonymous Intelligence may not be successful in sufficient market share to make its business profitable.

Cryptocurrency loss, theft or restriction on access

There is a risk that some or all of the cryptocurrencies the Company's custodians and sub-custodians hold from time to time could be lost or stolen. Access to the Company's cryptocurrencies through its custodians and sub-custodians from time to time could also be restricted by cybercrime (such as a denial of service attack) against the custodian or sub-custodian which holds cryptocurrencies for the Company. Any of these events may adversely affect Anonymous Intelligence's operations and, consequently, the Company's investments and profitability.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which the cryptocurrencies are held, which wallet's public key or address is reflected in the network's public blockchain. The Company's cryptocurrencies will be held in custodial wallets provided by the Company's custodians or sub-custodians. These custodians and sub-custodians will hold the private keys required to access the Company's cryptocurrencies and will be responsible for safeguarding the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access the cryptocurrencies held by its custodians and sub-custodians from time to time and such private keys will not be capable of being restored by any network. Any loss of private keys relating to digital wallets used to hold the Company's cryptocurrencies from time to time would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Incorrect or fraudulent coin transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrency transactions could adversely affect the Company's investments and assets.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and Anonymous Intelligence may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, the Company's cryptocurrencies could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Such events would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians.

Accounting and audit risks

Since there has been limited precedence set for the financial accounting of digital assets, it is unclear how the Company will be required to account for cryptocurrency transactions or assets. Furthermore, a change in regulatory or financial accounting standards could result in the necessity to restate the Company's financial statements. Such a restatement could negatively impact Anonymous Intelligence's business, prospects, financial condition and results of operation. Such circumstances would have a material adverse effect on Anonymous Intelligence's ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the Company's business, prospects or operations and potentially the value of any cryptocurrencies held by the Company's custodians and sub-custodians, and could harm investors.

Decreased rewards for mining a particular crypto asset

When the Company begins offering its Hash Rate for rent on the NiceHash platform, the Hash Rate will be used by

NiceHash users to mine Monero. The Company is not aware of any risk of decreased rewards for mining Monero in particular. As outlined above in "Monetization of Limitless VPN" under Section 4.1 Narrative Description of Business, Anonymous Intelligence will be paid in USD Coin by NiceHash in exchange for providing the Hash Rate to NiceHash users to mine Monero. USD Coin is a stablecoin that attempts to maintain a peg to the US Dollar at a 1:1 ratio. USD Coin is also a fully-reserved stablecoin, meaning every USD Coin on the internet is 100% backed by cash and short-dated US treasuries held in the custody of US financial institutions, including BlackRock and BNY Mellon. USD Coin was developed by Circle Internet Financial, LLC ("**Circle**"), which is a peer-to-peer payments technology company licensed as a Money Transmitter by the New York State Department of Financial Institutions. Circle is an arm's length party to the Company. Circle's financial statements are audited annually and subject to review by the US SEC.[35] Given its design to maintain a peg to the US dollar, USD Coin is less vulnerable to fluctuations in value due to speculation in cryptocurrency markets. However, USD Coin is not immune to price fluctuations and may lose its peg against the US dollar, as was the case following the collapse of Silicon Valley Bank in March 2023. On March 10, 2023, USD Coin fell as low as $0.88 US when it was revealed that some of the reserves backing USD Coin were held at Silicon Valley Bank.[36] While USD Coin quickly rebounded to regain its peg, events such as this may negatively affect public perception of USD Coin and stablecoins in general, and could lead to stricter regulation both in Canada and abroad as a result. There is also the risk that USD Coin does not regain its peg in a similar event in the future, which would have a material effect on the value of any USD Coin held by the Company or its custodians or sub-custodians. USD Coin is also still susceptible to normal currency fluctuations and all factors that regularly affect fluctuations in fiat currencies. These may include global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. USD Coin will also be at risk of theft or loss due to business failure or security breaches of the custodial service or trading platform where the USD Coin is held. The amount of USD Coin received from NiceHash in exchange for renting the Hash Rate through NiceHash will also depend on the number of NiceHash users who use the Hash Rate to mine Monero. A decrease in the value of Monero may reduce the demand for Monero, which may subsequently reduce the volume of NiceHash users who are willing to use the Hash Rate to mine Monero. At any given time, there may be no buy orders available on NiceHash to match with the Company's offer to provide the Hash Rate to mine Monero, which would result in the Company not being able to receive USD Coin in exchange for its Hash Rate during that time. This could ultimately reduce the amount of USD Coin that Anonymous Intelligence receives from NiceHash. The Company has not hedged the conversion of any of its cryptocurrency revenue or future mining of cryptocurrencies. For a step-by-step outline of the NiceHash renting process, see "*Monetization of Limitless VPN*" under Section 4.1 Narrative Description of Business.

Should the Company opt to pursue the Argent Monetization Strategy in the future, Argent Crypto will use the Hash Rate to mine the cryptocurrency Monero. As stated above, the Company is not aware of any risk of decreased rewards for mining Monero in particular. The amount of revenue Anonymous Intelligence is able to receive from mining operations performed by Argent Crypto will depend on the market demand for Monero. Unfavourable and unforeseen market conditions may cause decreased rewards for mining any particular crypto asset, including Monero. There is also a risk that there may not be any corresponding buy orders for Monero at the time Argent Crypto is attempting to convert Monero into Canadian dollars, which could result in Argent Crypto being unable to convert Monero into Canadian dollars at any given time. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies are not indicative of their future price performance. For a step-by-step outline of the Argent Crypto mining process, see "*Monetization of Limitless VPN*" under Section 4.1 Narrative Description of Business.

Availability and/or cost of electricity

Anonymous Intelligence does not anticipate any material risk associated with electricity use or availability. Anonymous Intelligence's VPN will avoid the need for dedicated data centers, which are traditionally responsible for excessive electricity use in the crypto space. The electrical usage footprint will be little more than what each individual

[35] USD Coin Home Page, *supra* note 32.
[36] CNN, https://www.cnn.com/2023/03/11/business/stablecoin-circle-silicon-valley-bank/index.html#:~:text=Stablecoin%20USD%20Coin%20(USDC)%20lost,held%20at%20Silicon%20Valley%20Bank.

VPN client is already using within their home.

17.2 Additional Securityholder Risk

There is no risk that securityholders of the Company may become liable to make an additional contribution beyond the price of the security.

17.3 Other Risks

Subject to the risk factors set out under Section 17.1 above, management of the Company is not aware of any other material risk factors that a reasonable investor would consider relevant to an investment in the Common Shares.

18. PROMOTERS

18.1 – 18.2 Promoter Consideration

No person or company is or has been, within two years immediately preceding the date of this Listing Statement, a promotor of the Issuer or of a subsidiary of the Issuer.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

As of the date of this Listing Statement, there are no legal proceedings material to the Issuer to which the Issuer, or a subsidiary of the Issuer, is a party or of which any of their respective property is the subject matter, and there are no such proceedings known to the Issuer to be contemplated.

19.2 Regulatory Actions

As of the date of this Listing Statement, there are no:

- penalties or sanctions imposed against the Issuer by any court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date hereof;
- other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within three years immediately preceding the date hereof.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the following persons or companies has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction that has materially affected or will materially affect the issuer or a subsidiary of the issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the Company's outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in (a) or (b).

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of Anonymous Intelligence are WDM Chartered Professional Accountants, Suite 420 - 1501 West Broadway, Vancouver, BC, V6J 4Z6.

21.2 Transfer Agent and Registrar

The Company's Registrar and Transfer Agent is Odyssey Trust Company, located at 323 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

22. MATERIAL CONTRACTS

22.1 Material Contracts of the Issuer

The Issuer has not entered into any material contracts within the two years before the date of this Listing Statement, other than:

- the Asset Purchase Agreement with Victory Square dated March 15, 2021 which was filed on SEDAR on August 31, 2021. (See Section 3.1 "*General Development of the Business*"). Pursuant to the Asset Purchase Agreement, the Company acquired certain development stage intellectual property assets from Victory Square in consideration for the issuance of 4,411,765 Common Shares at a deemed price of $1.36 per Common Share for a purchase price of $6 million.

- the Argent Services Agreement with Argent Crypto dated January 20, 2022 for cryptocurrency mining services which was filed on SEDAR on January 21, 2022. (See Section 4.1 "*Narrative Description of the Business*"). Pursuant to the Argent Services Agreement, Argent Crypto agreed to access and utilize the unused computer processing power of the Company's userbase to mine digital assets, collect digital assets from such activity and convert such assets into fiat currency on behalf of the Company. During the term of the agreement, the Company has the right to require Argent Crypto to initiate, halt and re-commence such services at the Company's sole discretion. For their services, Argent Crypto is entitled to a service fee equal to an agreed upon percentage from the converted fiat amount, with the balance being paid out to the Company. The agreement may be terminated at any time by any party with at least 90 days' notice. To date, the Company has not instructed Argent to commence operations.

The material contracts described above are available through SEDAR which can be accessed at www.sedar.com.

22.2 Special Agreements

The Issuer is not a party to any co-tenancy, unitholders' or limited partnership agreement.

23. INTEREST OF EXPERTS

23.1 Interest of Experts

The former auditors of Anonymous Intelligence, Smythe LLP, Chartered Professional Accountants, audited the financial statements of Anonymous Intelligence for the year ended September 30, 2021. Smythe LLP, Chartered Professional Accountants, have informed the Company that they are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia. The current auditors of Anonymous Intelligence, WDM Chartered Professional Accountants, audited the financial statements of Anonymous Intelligence for the year ended September 30, 2022. WDM Chartered Professional Accountants have informed the Company that they are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia. As of the date of this Listing Statement, neither Smythe LLP, Chartered Professional Accountants, nor WDM Chartered Professional Accountants, own or have any registered or beneficial interests, direct or indirect, in any securities or the property of the Issuer.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. FINANCIAL STATEMENTS

Financial Statements

The following financial statements are included in this Listing Statement. These documents are also available through SEDAR, which can be accessed at www.sedar.com.

- The audited annual consolidated financial statements for the years ended September 30, 2022 and 2021, together with the auditor’s report thereon and the notes thereto.

- The audited annual consolidated financial statements for the years ended September 30, 2021 and 2020, together with the auditor’s report thereon and the notes thereto.

- The unaudited interim consolidated financial statements for the three months ended December 31, 2022 and 2021.

SCHEDULE A

Audited annual consolidated financial statements for the years ended September 30, 2022 and 2021, together with the auditor's report thereon and the notes thereto and the audited annual consolidated financial statements for the years ended September 30, 2021 and 2020, together with the auditor's report thereon and the notes thereto

[see next page]

CLOUD NINE WEB3 TECHNOLOGIES INC.

Consolidated Financial Statements

For the years ended September 30, 2022 and 2021

(In Canadian dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
CLOUD NINE WEB3 TECHNOLOGIES INC.

Opinion
We have audited the consolidated financial statements of Cloud Nine Web3 Technologies Inc. and its subsidiary (collectively "the Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audits 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 Consolidated 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 consolidated 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 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $2,900,912 during the year ended September 30, 2022, and as of that date, had accumulated losses since inception of $13,033,246. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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 Matter
The financial statements for the year ended September 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 28, 2022.

Other Information
Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

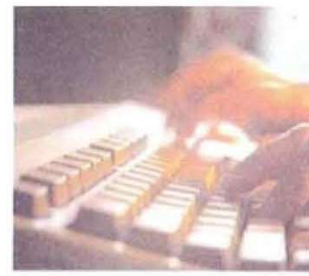
We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

SERVICE

INTEGRITY

TRUST



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WDM

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
January 17, 2023

Cloud Nine Web3 Technologies Inc.

Consolidated Statements of Financial Position

As at September 30, 2022 and 2021
(Expressed in Canadian dollars)

	Note	2022	2021
		$	$
Assets			
Current			
Cash and cash equivalents	19	1,104,535	2,508,857
GST recoverable		6,909	7,380
Prepaids and other assets	4,16(a)	214,462	385,000
		1,325,906	2,901,237
Intangible assets	5	3,799,705	5,294,623
Investment	6	903,000	145,182
Derivative	6	861,000	104,818
Capital assets		2,012	3,427
		5,565,717	5,548,050
		6,891,623	8,449,287
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	211,640	376,999
Loans and borrowings	8,10	158,415	100,000
Convertible debentures	9	-	229,072
		370,055	706,071
Loans and borrowings	8	-	51,800
		370,055	757,871
Shareholders' equity			
Share capital	11	16,817,468	16,425,140
Reserves		2,737,346	307,794
Deficit		(13,033,246)	(9,041,518)
		6,521,568	7,691,416
		6,891,623	8,449,287

Nature of operations and going concern	1
Subsequent event	4(a)

Approved on behalf of the Board of Directors:

(Signed) "*Allan Larmour*"
Director

(Signed) "*Kant Trivedi*"
Director

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

Cloud Nine Web3 Technologies Inc.

Consolidated Statements of Comprehensive Loss

Years ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

	Note	2022	2021
		$	$
Expenses			
Advertising and promotion		32,866	747,660
Amortization and depreciation	5	583,295	68,310
Consulting fees		5,500	641,975
Investor and public relations		156,793	516,105
Insurance		80,000	23,000
Marketing		14,000	1,342,526
Office and administration	10	173,285	113,584
Professional fees	10	224,749	243,731
Regulatory and transfer agent fees		77,668	103,536
Salaries and benefits	10	380,580	198,877
Share-based compensation	10,13,14	1,401,674	136,474
		3,130,410	4,135,778
Loss before other items		(3,130,410)	(4,135,778)
Other items			
Finance costs	18	(23,210)	(112,640)
Foreign exchange (loss) gain		(729)	10,852
Government grant	8	-	4,249
Gain on settlement of payables		-	252,745
Interest income		1,464	-
Impairment of intangible assets	5	(1,087,646)	-
Unrealized gain on derivative	6	615,000	-
Gain on write-off of accounts payable		75,619	-
		(419,502)	155,206
Net loss for the year		(3,549,912)	(3,980,572)
Other comprehensive income			
Unrealized gain on investment	6	649,000	-
Comprehensive loss for the year		(2,900,912)	(3,980,572)
Net loss per share - basic and diluted		(0.05)	(0.11)
Weighted average number of shares outstanding		66,166,880	37,715,705

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

Cloud Nine Web3 Technologies Inc.

Consolidated Statements of Changes in Shareholders’ Equity

Years ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

		Share capital		Reserves						
	Note	Number	Amount	Stock Options and RSUs	Warrants	Convertible debentures	Accumulated comprehensive income	Total reserves	Deficit	Total
		#	$	$		$		$	$	$
Balance, September 30, 2021		62,595,653	16,425,140	154,319	122,412	31,063	-	307,794	(9,041,518)	7,691,416
Conversion of debentures	9	4,000,000	271,063	-	-	(31,063)	-	(31,063)	-	240,000
Exercise of warrants	12	1,277,000	89,390	-	-	-	-	-	-	89,390
Vested RSUs		250,000	31,875	(31,875)	-	-	-	(31,875)	-	-
Share-based compensation	13,14	-	-	1,401,674	-	-	-	1,401,674	-	1,401,674
Cancelled and forfeited options	13	-	-	(225,907)	-	-	-	(225,907)	225,907	-
Expired warrants		-	-	-	(23,054)	-	-	(23,054)	23,054	-
Modification of warrants	12	-	-		690,777	-	-	690,777	(690,777)	-
Comprehensive loss for the year		-	-	-	-	-	649,000	649,000	(3,549,912)	(2,900,912)
Balance, September 30, 2022		68,122,653	16,817,468	1,298,211	790,135	-	649,000	2,737,346	(13,033,246)	6,521,568
Balance, September 30, 2020 *(Restated – Note 3)*		16,857,047	3,810,207	114,263	-	224,000	-	338,263	(5,082,023)	(933,553)
Shares issued for equity financings	11	10,563,462	4,263,716	-	99,358	-	-	99,358	-	4,363,074
Share issue costs	11	-	(203,903)	-	23,054		-	23,054	-	(180,849)
Shares issued for asset acquisition	5	4,411,765	4,700,000	-	-	-	-	-	-	4,700,000
Conversion of debentures		19,212,833	1,541,406	-	-	(334,688)	-	(334,688)	-	1,206,718
Equity component of convertible debentures	9	-	-	-	-	141,751	-	141,751	-	141,751
Exercise of options	11	910,000	229,591	(75,341)	-	-	-	(75,341)	-	154,250
Forfeited options		-	-	(21,077)	-	-	-	(21,077)	21,077	-
Exercise of warrants	12	10,640,546	2,084,123	-	-	-	-	-	-	2,084,123
Share-based compensation	13	-	-	136,474	-	-	-	136,474	-	136,474
Comprehensive loss for the year		-	-	-	-	-	-	-	(3,980,572)	(3,980,572)
Balance, September 30, 2021		62,595,653	16,425,140	154,319	122,412	31,063	-	307,794	(9,041,518)	7,691,416

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

Cloud Nine Web3 Technologies Inc.

Consolidated Statements of Cash Flows
Years ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
Operating activities		
Net loss for the year	(3,549,912)	(3,980,572)
Items not affecting cash		
Amortization and depreciation	583,295	68,310
Impairment of intangible assets	1,087,646	-
Share-based compensation	1,401,674	136,474
Accrued interest and accretion expense	21,543	101,712
Foreign exchange gain	729	(10,852)
Unrealized gain on derivative	(615,000)	-
Gain on settlement of payables	-	(252,745)
Gain on write off accounts payable	(75,619)	-
Government grant	-	(4,249)
Changes in non-cash working capital items:		
GST recoverable	471	(7,380)
Prepaids and other assets	170,538	(384,999)
Accounts payable and accrued liabilities	(113,712)	123,008
Income taxes payable	-	(18,140)
	(1,088,347)	(4,229,433)
Investing activities		
Intangible assets development costs	(155,365)	(306,500)
Acquisition of intangible assets	-	(300,000)
Purchase of capital assets	-	(4,254)
Investment and derivative	(250,000)	(250,000)
	(405,365)	(860,754)
Financing activities		
Shares issued for cash, net of share issue costs	89,390	6,420,598
Proceeds from issuance of convertible debentures, net of transaction costs	-	1,185,409
Proceeds from loans and borrowings	-	20,000
Repayment from loans and borrowings	-	(29,500)
	89,390	7,596,507
(Decrease) increase in cash and cash equivalents	(1,404,322)	2,506,320
Cash and cash equivalents, beginning of year	2,508,857	2,537
Cash and cash equivalents, end of year	1,104,535	2,508,857

Supplemental cash flow information (Note 19)

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

1. Nature of operations and going concern

(a) Nature of operations

Cloud Nine Web3 Technologies Inc. (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia.

The Company is a development stage technology issuer focused on developing and offering peer-to-peer or decentralized infrastructure products and related content including its proprietary Limitless VPN (virtual private network).

The common shares of the Company are listed on the Canadian Securities Exchange (the "Exchange") under the symbol "CNI". The Company's registered office is located at 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1 and its head office is located at 610 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations 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 incurred losses and negative operating cash flows since inception. During the year ended September 30, 2022, the Company incurred a comprehensive loss of $2,900,912 (2021 - $3,980,572) and as of September 30, 2022, had an accumulated deficit of $13,033,246 (2021 - $9,041,518). The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the availability of equity and debt financings. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional adequate financing.

These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on January 17, 2023.

(b) Basis of consolidation

The Financial Statements include the accounts of the Company and the following subsidiary:

Subsidiary	Ownership	Jurisdiction
BHR Capital Corp. ("BHR")	100%	Canada

Subsidiary is entity controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial results of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks, demand deposits, and money market instruments with maturities of three months or less, which are readily convertible into cash and are subject to insignificant changes in value. Cash and cash equivalents are designated as financial assets at amortized cost.

(d) Business combinations and asset acquisitions

Acquisition of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed as incurred.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisition do not give rise to goodwill.

2. Significant accounting policies (continued)

(e) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives which do not exceed the contractual period, if any, as follows:

IP assets	10 years
Digital curriculum	2 – 5 years

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(f) Impairment of intangible assets

Intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of the assets. Finite life intangible assets are tested whenever there is an indication of impairment.

An impairment loss is recognized if the carrying amount of intangible assets exceeds its recoverable amount. The recoverable amounts of the intangible assets are determined based on the higher of the fair value less costs of disposal or value in use. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the intangible assets given the necessity of making key economic assumptions about the future. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the intangible assets on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

(g) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

2. Significant accounting policies (continued)

(g) Share capital (continued)

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Warrants issued as purchase consideration in non-monetary transactions are recorded at fair value using the Black-Scholes option pricing model.

(h) Share-based compensation

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

The fair value of options is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs")

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves.

Under IFRS, the Company's DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of the Company. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

2. Significant accounting policies (continued)

(i) Loss per share

The Company calculates basic earnings or loss per share by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

Diluted earnings per share is computed in a manner similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from restricted and deferred stock units and the assumed exercise of stock options and warrants, if dilutive.

(j) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

2. Significant accounting policies (continued)

(j) Financial instruments (continued)

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The following accounting policies apply to the subsequent measurement of financial instruments:

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2. Significant accounting policies (continued)

(j) Financial instruments (continued)

Impairment of financial instruments (continued)

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. 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 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 profit or 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.

Convertible debentures

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of the liability and equity component.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The resulting debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders' equity.

(k) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

2. Significant accounting policies (continued)

(k) Income taxes (continued)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

2. Significant accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Intangible assets acquired through acquisition

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. The assessment required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The Company estimated the value of its intangible assets based on the fair value of the equity instruments granted.

Estimated useful life of intangible assets

The useful life of intangible assets relates to the future performance of the assets and management's judgment of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of intangible assets

Judgment is required in determining whether intangible assets have indicators of impairment. Determining the amount of impairment of intangible assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Fair value of investments and derivatives

The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible, the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available, the Company uses judgment to determine fair value.

2. Significant accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Fair value of investments and derivatives (continued)

The individual fair values attributed to the different components of a financing transaction such as investments in equity securities and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; and (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Convertible debentures

The identification of convertible debenture components, financial liability and equity, is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options, rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(m) New accounting pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

3. Restatement of previously reported consolidated financial statements

The Company's consolidated financial statements as at and for the years ended September 30, 2020 and 2019, have been restated in connection with a change in accounting policy and correction of errors as follows:

(a) Effective October 1, 2020, the Company elected to change its accounting policy for share-based compensation in accordance with IFRS 2 Share-based payment where it has elected to recognize a transfer within equity for expired vested equity instruments. Previously, the value of all expired vested options and warrants remained in reserves. Management determined that the reclassification of expired equity instruments within equity would provide a more relevant information as it better reflects the fair value of awards that are expected to vest. As a result, the opening 2019 shareholders' equity was restated to reclassify expired options and warrants of $395,596 from reserves to deficit.

(b) In the 2015 annual consolidated financial statements, the fair value of $1,342,249 for 27,209,210 common shares issued as consideration in a reverse takeover transaction (the "RTO") was erroneously accounted for in reserves at the date of transaction. The Company restated the opening 2019 shareholders' equity to properly reflect the exchange of common shares in the RTO in share capital.

(c) In the 2020 annual consolidated financial statements, the Company did not account for the modification of the 2017 Debentures under IAS 32 Financial Instruments: Presentation related to the reduction of the conversion price of the 2017 Debentures from $0.70 per share to $0.10 per share. The Company restated the 2020 annual consolidated financial statements to reflect the modification and recognized a loss on modification of convertible debentures of $224,000.

The following table summarizes the effects of adjustments on the consolidated statements of changes in shareholders' equity:

	September 30, 2020 (as previously reported)	Adjustment	September 30, 2020 (as restated)
	$	$	$
Share capital	2,467,958	1,342,249	3,810,207
Total reserves	1,852,108	(1,513,845)	338,263
Deficit	(5,253,619)	171,596	(5,082,023)

(Expressed in Canadian dollars)

4. Prepaids and other assets

	2022	2021
	$	$
Prepaid expenses and deposits	64,462	85,000
Other assets (a)	150,000	300,000
	214,462	385,000

(a) Included in other assets was a promissory note receivable (the "Note") of $150,000 (2021 - $300,000). The Note is unsecured, bears interest at 15% per annum, compounded monthly, and matured on March 15, 2022. Additional interest of 7% per annum will be charged on overdue amounts. In July 2022, a settlement agreement has been reached whereby the Note plus reimbursement of legal fees of $15,000 will be paid by no later than October 15, 2022. Subsequent to September 30, 2022, the Note was fully settled.

5. Intangible assets

The changes in the carrying amount of intangible assets are as follows:

	IP Asset (a)	Digital Curriculum	Total
	$	$	$
Cost			
Balance, September 30, 2020	-	327,972	327,972
Additions	5,231,500	75,000	5,306,500
Balance, September 30, 2021	5,231,500	402,972	5,634,472
Additions	174,609	-	174,609
Balance, September 30, 2022	5,406,109	402,972	5,809,081
Accumulated amortization			
Balance, September 30, 2020	-	272,366	272,366
Amortization	-	67,483	67,483
Balance, September 30, 2021	-	339,849	339,849
Amortization	534,785	47,096	581,881
Impairment	1,087,646	-	1,087,646
Balance, September 30, 2022	1,622,431	386,945	2,009,376
Net book value			
September 30, 2021	5,231,500	63,123	5,294,623
September 30, 2022	3,783,678	16,027	3,799,705

5. Intangible assets (continued)

(a) The Company acquired the IP assets consisting mainly of the proprietary Limitless VPN platform from an arm's length party, Victory Square Technologies Inc., pursuant to an asset purchase agreement dated March 15, 2021 (the "Acquisition"). Total consideration for the Acquisition was $5,000,000 which consisted of 4,411,765 common shares at a fair value of $4,700,000 and a finder's fee of $300,000. Note 11(b).

Cloud Nine spent an additional $174,609 for the development of the IP assets during the year ended September 30, 2022 (2021 - $231,500). The IP assets are amortized on a straight-line basis over its estimated useful life of ten years.

As at September 30, 2022, the Company completed its annual impairment testing of the IP Asset, and performed an indicator-based impairment test as there were events or changes in circumstances that indicated that the IP Asset was impaired. As part of this assessment, the Company considered external and internal factors, including overall financial performance and relevant entity-specific factors. The factors identified as impairment indicators included a decline in the market prices of cryptocurrency, change in strategic plans including deferral of the IP Asset monetization and decline in stock price and market capitalization of the Company. As at September 30, 2022, the carrying amount of the Company's net assets exceeded the Company's market capitalization.

The recoverable amount of the IP assets was determined based on the fair value less cost of disposal ("FVLCD"), where fair value was calculated based on consideration of the Level 3 inputs in a discounted cash flow ("DCF") analysis and the reproduction cost approach as the IP Asset was developed internally.

As a result of the impairment test, the Company determined that the carrying value of the IP Asset was higher than its recoverable amount and recognized an impairment loss of $1,087,646 during the year ended September 30, 2022 (2021 - $Nil).

6. Investment and derivative

The Company entered into a share purchase agreement dated June 28, 2021, as amended, with Next Decentrum Technologies Inc. ("Next Decentrum"), a private technology corporation focused on iconic art and culture non-fungible tokens ("NFTs") and emerging technologies. The Company acquired an aggregate of 2,673,792 units of Next Decentrum at a price of $0.187 per unit for a total investment of $500,000 representing a 7.66% ownership interest in Next Decentrum. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.2805 per share expiring December 31, 2026. The Company has the right to increase its ownership in Next Decentrum to up to 13.8% by providing an additional investment of up to $750,000 in connection with the exercise of all 2,673,792 warrants.

The share component of the investment is classified as equity investment at fair value through other comprehensive income (loss) (FVOCI). Based on Next Decentrum's closing price of $0.34 (US$0.246) on a financing completed in June 2022, the 2,673,792 shares held by the Company as at September 30, 2022, have a fair value of approximately $903,000. For the year ended September 30, 2022, the Company recognized an unrealized gain on the fair value of the investment of $649,000 in OCI.

(Expressed in Canadian dollars)

6. Investment and derivative (continued)

The warrant component of the investment is classified as a derivative at fair value through profit or loss (FVTPL). As at September 30, 2022, the fair value of the 2,673,792 warrants of $861,000 was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: risk free rate of 3.32%; dividend yield of 0%; stock price volatility of 186%; and expected life of 4.25 years. For the year ended September 30, 2022, the Company recognized an unrealized gain on the fair value of the derivative of $615,000.

For the year ended September 30, 2021, the Company applied the relative fair value method using an implied share price in allocating the value of the units to the underlying common share and warrant components, both of which are level 3 inputs. The fair value of the 1,336,895 shares of $145,182 was based on an implied share price of $0.11 per share and the fair value of the 1,336,895 warrants of $104,818 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free rate of 0.52%; dividend yield of 0%; stock price volatility of 189%; and an expected life of 2 years.

7. Accounts payable and accrued liabilities

	2022	2021
	$	$
Accounts payable	87,409	243,906
Accrued liabilities (Notes 9(a), 10(c))	124,231	133,093
	211,640	376,999

8. Loans and borrowings

	2022	2021
	$	$
Loan from a related party (Note 10(c))	100,000	100,000
CEBA loans (a)	58,415	51,800
	158,415	151,800
Current	158,415	100,000
Non-current	-	51,800

(a) The Company secured a loan in the aggregate amount of $60,000 from the Government of Canada under the Canada Emergency Business Account ("CEBA") COVID -19 relief loan. The loan carries no interest and matures on December 31, 2023. If the Company repays $40,000 of the loan on or before December 31, 2023, the remaining amount of $20,000 will be forgiven.

The benefit of the government loan received at below market rate of interest is treated as government grant. As at December 31, 2022, the loan of $58,415 (2021 - $51,800) was recognized and measured at fair value using the Company's incremental borrowing rate of 12% per annum.

(Expressed in Canadian dollars)

8. Loans and borrowings (continued)

(a) During the year ended September 30, 2022, the Company recorded the value of the grant of $Nil (2021 - $4,249), which was the difference between the carrying amount of the loan and proceeds received. During the year ended September 30, 2022, the Company recorded accretion expense of $6,615 (2021 - $5,435) on the loan. Note 18.

9. Convertible debentures

	January 2021 (a)	July 2017 (b)
	$	$
Balance, September 30, 2020	-	274,000
Issued	1,199,600	-
Equity portion	(141,751)	-
Transaction costs	(12,514)	-
Interest accrued	-	47,950
Conversion	(884,768)	(321,950)
Accretion	68,505	-
Balance, September 30, 2021	229,072	-
Accretion (Note 18)	10,928	-
Conversion of debt	(240,000)	-
Balance, September 30, 2022	-	-

(a) On January 18, 2021, the Company completed a non-brokered private placement of a one-year convertible debentures (the "Debentures") in the principal amount of $1,199,600. The Debentures were secured and matured on January 18, 2022. The Debentures were convertible into units of the Company at a price of $0.06 per unit, where each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.07 per share for a period of two years from the date of conversion.

During the year ended September 30, 2022, the Company issued 4,000,000 common shares and 4,000,000 warrants (2021 – 15,993,333 common shares and 15,993,333 warrants), on the conversion of $240,000 (2021 - $959,600) Debentures (Note 11(b)).

As at September 30, 2022, included in accrued liabilities were interests of $31,771 (2021 - $27,771) related to the Debentures (Note 7).

(b) During the year ended September 30, 2021, the 2017 debentures in the principal amount of $274,000 and accrued interests of $47,950 were converted into 3,219,500 common shares of the Company (Note 11(b)).

(Expressed in Canadian dollars)

10. Related party transactions

Key management compensation for the year ended September 30, 2022 and 2021 consisted of:

(a) Compensation of key management personnel

	2022	2021
	$	$
CEO management fee	80,000	-
CFO salary	176,106	129,038
Share-based compensation (1)	435,835	98,609

(1) Share-based compensation represents the fair value of options granted and vested to directors and officers of the Company.

(b) Related party transactions

	2022	2021
	$	$
Office and administration (1)	72,800	54,525
Consulting fees (2)	-	50,280
Professional fees (3)	-	22,500

(1) Shared rent, salary and office expenses paid to a company with common directors and officers.
(2) Consulting fees paid to a director of the Company.
(3) Professional fees paid to a company controlled by a director and former CFO of the Company.

(c) Related party balances

The following related party amounts are included in (i) loans and borrowings and (ii) accounts payable and accrued liabilities as at September 30, 2022 and 2021:

	2022	2021
	$	$
(i) Loan from a former director (1)	100,000	100,000
(ii) Due to directors and an officer (2)	50,000	50,000

(1) Pursuant to a promissory note dated September 30, 2014, the loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000.

(2) Amount due is unsecured, non-interest-bearing and without fixed terms of repayment. Note 7.

11. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued and outstanding

As at September 30, 2022, the Company's outstanding share capital consisted of 68,122,653 (2021 – 62,595,653) issued and fully paid common shares.

The following shares were issued during the year ended September 30, 2022:

(i) On January 18, 2022, 4,000,000 common shares and 4,000,000 warrants were issued on conversion of $240,000 principal amount of Debentures. $31,063 was reclassified from reserves to share capital on conversion of the Debentures.

(ii) An aggregate of 1,277,000 common shares were issued for gross proceeds of $89,390 pursuant to warrant exercises.

(iii) An aggregate of 250,000 common shares were issued for vested RSUs ("RSU Shares"). $31,875 was reclassified from reserves to share capital on the issuance of RSU Shares.

The following shares were issued during the year ended September 30, 2021:

(i) In February 2021, the Company completed a non-brokered private placement of an aggregate of 9,447,307 units at a price of $0.30 per unit for gross proceeds of $2,834,192 (the "Offering"). Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into one common share at a price of $0.75 per share for a period of one year from the date of issuance. Total share issue costs with respect of the Offering were $186,401 which consisted of finder's fees of $32,347, 47,796 finder's warrants at a fair value of $23,054 and consulting and advisory fees of $131,000. The fair value of the 47,796 finder's warrants was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 0.15%; dividend yield of 0%; stock price volatility of 196%; and an expected life of 1 year.

(ii) On February 19, 2021, 3,219,500 common shares were issued on conversion of the 2017 Debentures for $321,950. $224,000 was reclassified from reserves to the share capital on the conversion of the Debentures.

(iv) On March 16, 2021, 4,411,765 common shares were issued at a fair value of $4,700,000 pursuant to the acquisition of assets. Note 5(a).

(v) In May 2021, the Company completed a non-brokered private placement of 1,116,155 units at $1.37 per unit for gross proceeds of $1,528,882. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.75 per share for a period of one year from the date of issuance subject to accelerated expiry if the shares trade at $2.50 for ten consecutive days. The Company paid a finder's fee of $17,502 related to the private placement.

(Expressed in Canadian dollars)

11. Share capital (continued)

(b) Issued and outstanding (continued)

(vi) An aggregate of 910,000 common shares were issued for gross proceeds of $154,250 pursuant to stock options exercises. The fair value of the options of $75,341 was reclassified from reserves to share capital on the exercise of these options.

(vii) An aggregate of 10,640,546 common shares were issued for gross proceeds of $2,084,123 pursuant to warrant exercises.

(viii) An aggregate of 15,993,333 common shares and 15,993,333 warrants were issued on conversion of $959,600 Debentures. $110,688 was reclassified from reserves to the share capital on conversion of the Debentures.

12. Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company. As at September 30, 2022, the weighted average contractual life of the warrants was 0.98 years (2021 - 1.40 years).

	Warrants	Weighted average exercise price
	#	$
Balance, September 30, 2020	8,640,546	0.23
Issued	21,322,861	0.25
Exercised [1]	(10,640,546)	0.20
Balance, September 30, 2021	19,322,861	0.29
Issued	4,000,000	0.07
Exercised [1]	(1,277,000)	0.07
Expired	(47,796)	0.75
Balance, September 30, 2022	21,998,065	0.15

[1] During the year ended September 30, 2022, the weighted average price of the shares on the dates of exercise of the warrants was $0.39 (2021 - $1.36).

The following table summarizes the warrants outstanding as at September 30, 2022:

Exercise Price	Expiry date	Warrants
$		#
0.40[1]	May 31, 2023[1]	558,078
0.40[2]	December 31, 2023[2]	4,723,654
0.07	February 18, 2023 – January 18, 2024	16,716,333
		21,998,065

12. Share purchase warrants (continued)

(1) On January 14, 2022, the Company reduced the exercise price of these warrants from $1.75 to $0.40 per share. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $58,488 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 1.13%; dividend yield of 0%; stock price volatility of 129.82%; and an expected life of 0.32 years.

On April 26, 2022, the expiry date of these warrants was extended to May 31, 2023. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $42,295, on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 2.43%; dividend yield of 0%; stock price volatility of 119.18%; and an expected life of 1.10 years.

(2) On January 14, 2022, the Company extended the expiry date of these warrants from February 2022 to August 31, 2022. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $337,312 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 1.13%; dividend yield of 0%; stock price volatility of 122.22%; and an expected life of 0.63 years.

On June 27, 2022, the Company reduced the exercise price of these warrants from $0.75 to $0.40 per share and extended the expiry date of these warrants to December 31, 2023. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $252,682, on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 3.16%; dividend yield of 0%; stock price volatility of 167.21%; and an expected life of 1.51 years.

13. Stock options

In 2021, the Company adopted an Omnibus Equity Incentive Plan (“2021 Plan”) which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). The 2021 Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the 2021 Plan shall not exceed 10% of the Company’s issued and outstanding common shares from time to time.

(Expressed in Canadian dollars)

13. Stock options (continued)

A summary of the status of the options outstanding is as follows:

	Stock options	Weighted average exercise price
	#	$
Balance, September 30, 2020	1,550,000	0.19
Adjustment	50,000	0.70
Granted	340,000	1.36
Exercised	(910,000)	0.17
Forfeited	(420,000)	0.51
Balance, September 30, 2021	610,000	0.71
Granted	3,800,000	0.10
Cancelled and forfeited (1)	(935,000)	0.47
Balance, September 30, 2022	3,475,000	0.10

(1) During the year ended September 30, 2022, the Company cancelled 240,000 options and recorded share-based compensation of $81,525 on the accelerated vesting of cancelled options. The incremental fair value of the cancelled options was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of cancellation: risk free rate of 0.45%; dividend yield of 0%; stock price volatility of 196%; and an expected life of 3 years. An aggregate of $225,907 was transferred from reserves to deficit for the cancelled and forfeited options.

The following table summarizes the options outstanding and exercisable as at September 30, 2022:

Exercise Price	Expiry date	Options outstanding	Options exercisable
$		#	#
0.30	December 8, 2022	100,000	100,000
0.12	October 25, 2024	75,000	75,000
0.095 (1)	February 14, 2027	2,850,000	2,850,000
0.095	July 20, 2027	200,000	200,000
0.095	August 30, 2027	150,000	150,000
0.095	September 21, 2027	100,000	100,000
		3,475,000	3,475,000

(1) On August 30, 2022, the Company reduced the exercise price of these options from $0.42 to $0.095 per share. As a result, the Company recorded a fair value incremental change of $28,504 on the modification of the options. The value of the options modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 3.64%; dividend yield of 0%; stock price volatility of 153.87%; and an expected life of 2.46 years.

(Expressed in Canadian dollars)

13. Stock options (continued)

As at September 30, 2022, the weighted average contractual life of the stock options was 4.27 years (2021 – 2.81 years).

During the year ended September 30, 2022, the Company recorded share-based compensation of $1,064,096 (2021 – $136,474) for stock options granted and vested during the period.

The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

	2022	2021
Risk-free annual interest rate(1)	1.68%	0.45%
Expected annual dividend yield	0%	0%
Expected stock price volatility(2)	180.51%	193%
Expected life of options (years)(3)	3	3
Forfeiture rate(4)	15%	22%

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.
(2) Volatility was estimated by using the average historical volatility of the Company.
(3) The expected life in years represents the period of time that options granted are expected to be outstanding.
(4) The forfeiture rate assumption is based on historical results and management's expectations of future forfeitures.

The weighted average fair value of stock options granted during the year ended September 30, 2022 was $0.33 (2021 - $0.92) per option.

14. Restricted share units ("RSUs")

Under the terms of the 2021 Plan, RSUs may be awarded to directors, officers, employees and consultants of the Company which will be released as common shares at the end of each vesting period. Each RSU gives the participant the right to receive one common share of the Company.

A summary of the status of the RSUs outstanding is as follows:

	RSUs	Weighted average issue price
	#	$
Balance, September 30, 2021	-	-
Granted	2,100,000	0.39
Released	(250,000)	0.41
Cancelled	(187,500)	0.41
Balance, September 30, 2022	1,662,500	0.39

(Expressed in Canadian dollars)

14. Restricted share units ("RSUs") (continued)

The following table summarizes the RSUs outstanding and vested as at September 30, 2022:

Issue Price	Expiry date	RSUs outstanding	Vested
$		#	#
0.41	February 14, 2024	1,562,500	250,000
0.095	July 20, 2024	50,000	-
0.095	August 30, 2024	50,000	-
		1,662,500	250,000

During the year ended September 30, 2022, the Company recorded share-based compensation of $227,550 (2021 - $Nil), for RSUs granted and vested during the period. The weighted average fair value of RSUs granted during the year ended September 30, 2022 was $0.39 per share. The weighted average remaining contractual life of RSUs is 1.4 years.

15. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	**Fair value method**
Measured at fair value	
Investments (FVOCI)	Recent share transactions (Level 2) or implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Other assets	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

(Expressed in Canadian dollars)

15. Fair value of financial instruments (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at September 30, 2022:

	FVOCI	FVTPL	Amortized cost	Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	-	-	1,104,535	1,104,535
Other assets	-	-	150,000	150,000
Investment	903,000	-	-	903,000
Derivative	-	861,000	-	861,000
	903,000	861,000	1,254,535	3,018,535
Financial liabilities				
Accounts payable and accrued liabilities	-	-	211,640	211,640
Loans and borrowings	-	-	158,415	158,415
	-	-	370,055	370,055

16. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains 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.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalent balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions.

16. Financial instruments risk (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at September 30, 2022, the Company had working capital of $955,851 (2021 – $2,195,166). The Company is pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(c) Market risk

Market risk is the risk that changes in market related factors, such as interest rates and market prices, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2022, the Company did not have any financial instruments subject to significant interest rate risk.

(ii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 6. As at September 30, 2022, the Company did not have any financial instruments subject to significant price risk.

17. Capital management

The Company defines capital as share capital, reserves, and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

(Expressed in Canadian dollars)

17. Capital management (continued)

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. The Company does not pay out dividends. The Company is not subject to externally imposed capital requirements. There has been no change to the Company's approach to capital management during the year ended September 30, 2022.

18. Finance costs

	2022	2021
	$	$
Accretion expense (Notes 8, 9)	17,543	73,941
Interest expense	4,000	36,282
Bank charges	1,667	2,417
	23,210	112,640

19. Supplemental cash flow information

Cash and cash equivalents consist of:

	2022	2021
	$	$
Cash	304,535	2,008,857
Guaranteed Investment Certificate (GIC) (1)	800,000	500,000
	1,104,535	2,508,857

(1) GIC is redeemable on demand, bears rate at 0.75% per annum and matures on April 3, 2023.

Supplementary cash flow information:

	2022	2021
	$	$
Intangible assets in accounts payable	20,702	23,550
Debenture interest settled in shares (Note 9(b))	-	47,950
Interest paid	-	17,591

(Expressed in Canadian dollars)

20. Income taxes

The Company and its subsidiaries are subject to income taxes in Canada on its taxable income as reported in its statutory accounts at a tax rate in accordance with the relevant income tax laws.

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2022	2021
	$	$
Net loss before tax	(2,900,912)	(3,980,572)
Statutory tax rate	27%	27%
Income tax recovery at statutory rate	(783,247)	(1,074,754)
Increase (reduction) in income taxes:		
Non-deductible items	378,452	36,848
Change in tax assets not recognized	381,830	1,037,906
Other	22,965	-
Total income tax expense	-	-

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The Company has temporary differences between the tax and accounting bases of assets.

The temporary differences that give rise to deferred income tax assets (liabilities) at September 30, 2022 and 2021, are as follows:

	2022	2021
	$	$
Losses carried forward	1,887,578	1,922,715
Intangible assets	508,561	57,407
Share issue costs and other	50,385	39,063
Deferred tax assets not recognized	(2,446,524)	(2,019,185)
Total income tax expense	-	-

As at September 30, 2022, the Company has capital losses carried forward of approximately $1,117,000 (2021 – $1,117,000). The Company has non-capital losses carried forward of $7,115,000 as at September 30, 2022 (2021 - $6,003,921). The non-capital losses expire from 2035 to 2042.

21. Segment disclosure

The Company has one operating segment, being the development and marketing of its technology platforms, and its operations and long-term assets are located in North America.

CLOUD NINE WEB3 TECHNOLOGIES INC.

(Formerly Cloud Nine Education Group Ltd.)

Consolidated Financial Statements

For the years ended September 30, 2021 and 2020

(In Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CLOUD NINE WEB3 TECHNOLOGIES INC. (FORMERLY CLOUD NINE EDUCATION GROUP LTD.)

Opinion

We have audited the consolidated financial statements of Cloud Nine Web3 Technologies Inc. (formerly Cloud Nine Education Group Ltd.) (the "Company"), which comprise:

- the consolidated statements of financial position as at September 30, 2021 and 2020;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,980,572 during the year ended September 30, 2021 and, as of that date, the Company has a deficit of $9,041,518. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented for the year ended September 30, 2020 has been restated. Our opinion is not modified in respect of this matter.

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Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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.

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- 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

January 28, 2022

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Cloud Nine Web3 Technologies Inc.
(Formerly Cloud Nine Education Group Ltd.)

Consolidated Statements of Financial Position
As at September 30, 2021 and 2020
(Expressed in Canadian dollars)

	Note	2021	*Restated - Note (3)* 2020
		$	$
Assets	9		
Current			
Cash and cash equivalents	18	2,508,857	2,537
GST recoverable		7,380	-
Prepaids and other assets	4	385,000	1
		2,901,237	2,538
Intangible assets	5	5,294,623	55,606
Investment	6	145,182	-
Derivative	6	104,818	-
Capital assets		3,427	-
		8,449,287	58,144
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7, 10	376,999	372,550
Income taxes payable		-	18,140
Loans and borrowings	8, 10	100,000	129,500
Convertible debentures	9	229,072	274,000
		706,071	794,190
Loans and borrowings	8	51,800	23,242
Long term payable	7	-	174,265
		757,871	991,697
Shareholders' equity (deficiency)			
Share capital	11	16,425,140	3,810,207
Reserves	11	307,794	338,263
Deficit		(9,041,518)	(5,082,023)
		7,691,416	(933,553)
		8,449,287	58,144

Nature of operations and going concern	1
Subsequent events	6, 9, 21

Approved on behalf of the Board of Directors:

(Signed) "*Allan Larmour*"
Director

(Signed) "*Kant Trivedi*"
Director

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

Cloud Nine Web3 Technologies Inc.
(Formerly Cloud Nine Education Group Ltd.)

Consolidated Statements of Comprehensive Loss
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

	Note	2021	*Restated - Note (3)* 2020
		$	$
Revenue			
Curriculum sales		-	9,870
		-	9,870
Expenses			
Advertising and promotion		747,660	-
Amortization and depreciation	5	68,310	65,593
Consulting fees	10	641,975	218,000
Investor and public relations		516,105	12,109
Marketing		1,342,526	-
Office and administration	10	136,584	1,535
Professional fees	10	243,731	50,567
Regulatory and transfer agent fees		103,536	17,912
Salaries and benefits	10	198,877	85,277
Share-based compensation	10, 13	136,474	47,400
		4,135,778	498,393
Loss before other items		(4,135,778)	(488,523)
Other items			
Finance costs	17	(112,640)	(38,964)
Foreign exchange gain		10,852	-
Government grant	8	4,249	17,884
Loss on modification of convertible debentures	9	-	(224,000)
Gain on settlement and write off of payables	7	252,745	-
		(155,206)	(245,080)
Net loss and comprehensive loss for the year		(3,980,572)	(733,603)
Basic and diluted loss per share		(0.11)	(0.04)
Weighted average number of shares outstanding		37,715,705	16,850,356

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

Cloud Nine Web3 Technologies Inc.

(Formerly Cloud Nine Education Group Ltd.)

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

		Share capital		Reserves					
	Note	Number	Amount	Stock Options and warrants	Convertible debentures	Total reserves	Subscriptions Received	Deficit	Total
		#	$	$	$	$	$	$	$
Balance, September 30, 2019 *Restated - Note (3)*		16,787,047	3,793,265	73,655	-	73,655	27,000	(4,348,420)	(454,500)
Exercise of options	11, 13	70,000	16,942	(6,792)	-	(6,792)	-	-	10,150
Share-based compensation	13	-	-	47,400	-	47,400	-	-	47,400
Equity component of convertible debentures		-	-	-	224,000	224,000	-	-	224,000
Adjustment to previously received subscriptions		-	-	-	-	-	(27,000)	-	(27,000)
Net loss for the year		-	-	-	-	-	-	(733,603)	(733,603)
Balance, September 30, 2020 *Restated - Note (3)*		16,857,047	3,810,207	114,263	224,000	338,263	-	(5,082,023)	(933,553)
Shares issued for equity financings	11	10,563,462	4,263,716	99,358	-	99,358	-	-	4,363,074
Share issue costs	11	-	(203,903)	23,054		23,054			(180,849)
Shares issued for asset acquisition	5,11	4,411,765	4,700,000	-	-	-	-	-	4,700,000
Conversion of debentures	11	19,212,833	1,541,406	-	(334,688)	(334,688)	-	-	1,206,718
Equity component of convertible debentures	9	-	-	-	141,751	141,751	-	-	141,751
Exercise of options	11,13	910,000	229,591	(75,341)	-	(75,341)	-	-	154,250
Forfeited options		-	-	(21,077)	-	(21,077)	-	21,077	-
Exercise of warrants	11,12	10,640,546	2,084,123	-	-	-	-	-	2,084,123
Share-based compensation	13	-	-	136,474	-	136,474	-	-	136,474
Net loss for the year		-	-	-	-	-	-	(3,980,572)	(3,980,572)
Balance, September 30, 2021		62,595,653	16,425,140	276,731	31,063	307,794	-	(9,041,518)	7,691,416

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

Cloud Nine Web3 Technologies Inc.
(Formerly Cloud Nine Education Group Ltd.)

Consolidated Statements of Cash Flows
For the years ended September 30, 2021 and 2020
(Expressed in Canadian dollars)

	2021	*Restated - Note (3)* 2020
	$	$
Operating activities		
Net loss for the year	(3,980,572)	(733,603)
Items not affecting cash		
Amortization and depreciation	68,310	65,593
Share-based compensation	136,474	47,400
Accrued interest and accretion expense	101,712	37,135
Government grant	(4,249)	(17,884)
Foreign exchange gain	(10,852)	-
Loss on modification of convertible debentures	-	224,000
Gain on settlement of payables	(252,745)	-
Changes in non-cash working capital items:		
GST recoverable	(7,380)	-
Prepaids and other assets	(384,999)	-
Accounts payable and accrued liabilities	123,008	98,790
Income taxes payable	(18,140)	-
	(4,229,433)	(278,569)
Investing activities		
Intangible assets development costs	(306,500)	-
Acquisition of intangible assets	(300,000)	-
Purchase of capital assets	(4,254)	-
Investment and derivative	(250,000)	-
	(860,754)	-
Financing activities		
Shares issued for cash, net of share issue costs	6,420,598	10,150
Proceeds from loans and borrowings	20,000	43,500
Repayment of loans and borrowings	(29,500)	-
Proceeds from convertible debentures	1,185,409	-
	7,596,507	53,650
Increase (decrease) in cash and cash equivalents	2,506,320	(224,919)
Cash and cash equivalents, beginning of year	2,537	227,456
Cash and cash equivalents, end of year	2,508,857	2,537

Supplemental cash flow information (Note 18)

1. Nature of operations and going concern

(a) Nature of operations

Cloud Nine Web3 Technologies Inc. (formerly Cloud Nine Education Group Ltd.) (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia. Effective February 26, 2021, the Company changed its name to Cloud Nine Web3 Technologies Inc.

The Company is a development stage technology issuer focused on developing and offering peer-to-peer or decentralized infrastructure products and related content including its proprietary Limitless VPN (virtual private network).

The common shares of the Company are listed on the Canadian Securities Exchange (the "Exchange") under the symbol "CNI". The Company's registered office is located at 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1 and its head office is located at 610 - 700 West Pender Street, Vancouver, BC, V6C 1G8.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations 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 incurred losses and negative operating cash flows since inception. During the year ended September 30, 2021, the Company incurred a net loss of $3,980,572 (2020 - $733,603) and as of September 30, 2021, had an accumulated deficit of $9,041,518 (2020 - $5,082,023). The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the availability of equity and debt financings. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional adequate financing.

These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business and the impact of COVID-19 on its business operations cannot be reasonably estimated at this time.

2. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, theses consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company and its subsidiaries is Canadian dollars.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on January 28, 2022.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiaries	Ownership	Jurisdiction
BHR Capital Corp. ("BHR")	100%	Canada
English Canada World Organization Inc.("EC")	100%	Canada

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial results of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances are eliminated on consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and money market instruments, with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Transaction costs are expensed when incurred. Cash and cash equivalents are designated as financial assets at amortized cost.

2. Significant accounting policies (continued)

(d) Business combinations and asset acquisitions

Acquisition of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed as incurred.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisition do not give rise to goodwill.

(e) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives which do not exceed the contractual period, if any, as follows:

IP assets	10 years
Digital curriculum	2 – 5 years

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(f) Impairment of intangible assets

Intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of the assets. Finite life intangible assets are tested whenever there is an indication of impairment.

An impairment loss is recognized if the carrying amount of intangible assets exceeds its recoverable amount. The recoverable amounts of the intangible assets are determined based on the higher of the fair value less costs of disposal or value in use. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the intangible assets given the necessity of making key economic assumptions about the future. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

2. Significant accounting policies (continued)

(f) Impairment of intangible assets (continued)

Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the intangible assets on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period.

(g) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Warrants issued as purchase consideration in non-monetary transactions are recorded at fair value using the Black-Scholes option pricing model.

(h) Share-based compensation

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

The fair value of options is calculated using the Black-Scholes option pricing model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

2. Significant accounting policies (continued)

(h) Share-based compensation (continued)

Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs")

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves.

Under IFRS, the Company's DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of the Company. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

(i) Loss per share

The Company calculates basic earnings or loss per share by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

Diluted earnings per share is computed in a manner similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from restricted and deferred stock units and the assumed exercise of stock options and warrants, if dilutive.

(j) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

2. Significant accounting policies (continued)

(j) Financial instruments (continued)

Recognition and classification (continued)

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

2. Significant accounting policies (continued)

(j) Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial instruments:

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. 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 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 profit or 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.

Convertible debentures

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of the liability and equity component.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The resulting debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders' equity.

2. Significant accounting policies (continued)

(k) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

2. Significant accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Intangible assets acquired through acquisition

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. The assessment required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The Company estimated the value of its intangible assets based on the fair value of the equity instruments granted.

Estimated useful life of intangible assets

The useful life of intangible assets relates to the future performance of the assets and management's judgment of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of intangible assets

Judgment is required in determining whether intangible assets have indicators of impairment. Determining the amount of impairment of intangibles assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Fair value of investments and derivatives

The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible, the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available, the Company uses judgment to determine fair value.

2. Significant accounting policies (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

Fair value of investments and derivatives (continued)

The individual fair values attributed to the different components of a financing transaction such as investments in equity securities and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; and (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Convertible debentures

The identification of convertible debenture components, financial liability and equity, is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options, rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

2. Significant accounting policies (continued)

(m) New accounting pronouncements

The following IFRS standard has been recently issued by the IASB. Pronouncements that are not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

3. Restatement of previously reported consolidated financial statements

The Company's consolidated financial statements as at and for the years ended September 30, 2020 and 2019, have been restated in connection with a change in accounting policy and correction of errors as follows:

(a) Effective October 1, 2020, the Company elected to change its accounting policy for share-based compensation in accordance with IFRS 2 Share-based payment where it has elected to recognize a transfer within equity for expired vested equity instruments. Previously, the value of all expired vested options and warrants remained in reserves. Management determined that the reclassification of expired equity instruments within equity would provide a more relevant information as it better reflects the fair value of awards that are expected to vest. As a result, the opening 2019 shareholders' equity was restated to reclassify expired options and warrants of $395,596 from reserves to deficit.

(b) In the 2015 annual consolidated financial statements, the fair value of $1,342,249 for 27,209,210 common shares issued as consideration in a reverse takeover transaction (the "RTO") was erroneously accounted for in reserves at the date of transaction. The Company restated the opening 2019 shareholders' equity to properly reflect the exchange of common shares in the RTO in share capital.

(c) In the 2020 annual consolidated financial statements, the Company did not account for the modification of the 2017 Debentures under IAS 32 Financial Instruments: Presentation related to the reduction of the conversion price of the 2017 Debentures from $0.70 per share to $0.10 per share (Note 9(a)). The Company restated the 2020 annual consolidated financial statements to reflect the modification and recognized a loss on modification of convertible debentures of $224,000.

(Expressed in Canadian dollars)

3. Restatement of previously reported consolidated financial statements (continued)

The following table summarizes the effects of adjustments described above:

	September 30, 2019 (as previously reported)	Adjustment	September 30, 2019 (as restated)
	$	$	$
Amended and restated consolidated statement of financial position			
Share capital	2,451,016	1,342,249	3,793,265
Total reserves	1,811,500	(1,737,845)	73,655
Deficit	(4,744,016)	395,596	(4,348,420)

For the September 30, 2019 consolidated financial statements, the restatement did not have any impact on the consolidated statement of loss and comprehensive loss, basic and diluted loss per share calculation, and the consolidated statement of cash flows.

	September 30, 2020 (as previously reported)	Adjustment	September 30, 2020 (as restated)
	$	$	$
Amended and restated consolidated statement of financial position			
Share capital	2,467,958	1,342,249	3,810,207
Total reserves	1,852,108	(1,513,845)	338,263
Deficit	(5,253,619)	171,596	(5,082,023)
Amended and restated consolidated statement of loss and comprehensive loss			
Loss on modification of convertible debentures	-	(224,000)	(224,000)
Net loss and comprehensive loss for the year	(509,603)	(224,000)	(733,603)
Basic and diluted loss per share	(0.03)	(0.01)	(0.04)
Amended and restated consolidated statement of cash flows			
Net loss for the year	(509,603)	(224,000)	(733,603)
Loss on modification of convertible debentures	-	224,000	224,000

(Expressed in Canadian dollars)

4. Prepaids and other assets

	2021	2020
	$	$
Prepaid expenses	76,000	-
Other assets (a)	309,000	1
	385,000	1

(a) As at September 30, 2021, included in other assets was an advance to a third party of $300,000 which was unsecured, non-interest bearing and without fixed terms of repayment. On November 22, 2021, the advance receivable was converted into a promissory note (the "Note"). The Note is unsecured, bears interest at 15% per annum, compounded monthly, and payable at maturity. The Note is repayable monthly and matures on March 15, 2022. An additional interest of 7% per annum shall be charged on overdue amounts.

5. Intangible assets

The changes in the carrying amount of intangible assets are as follows:

	IP Asset (a)	Digital Curriculum	Total
	$	$	$
Cost			
Balance, September 30, 2020 and 2019	-	327,972	327,972
Additions	5,231,500	75,000	5,306,500
Balance, September 30, 2021	5,231,500	402,972	5,634,472
Accumulated amortization			
Balance, September 30, 2019	-	206,773	206,773
Amortization	-	65,593	65,593
Balance, September 30, 2020	-	272,366	272,366
Amortization	-	67,483	67,483
Balance, September 30, 2021	-	339,849	339,849
Net book value			
September 30, 2020	-	55,606	55,606
September 30, 2021	5,231,500	63,123	5,294,623

(a) The Company acquired certain intellectual property assets from an arm's length party, Victory Square Technologies Inc. ("Victory Square"), related to a development stage VPN platform, decentralized storage technologies and other related assets ("IP Assets") pursuant to an asset purchase agreement dated March 15, 2021 (the "Acquisition"). Total consideration for the Acquisition was $5,000,000 which consisted of 4,411,765 common shares at a fair value of $4,700,000 and a finder's fee of $300,000. Note 11(b)(iii).

Cloud Nine is developing the IP assets and spent an additional $231,500 during the year ended September 30, 2021.

As at September 30, 2021, the assets were not available for use and no provision for amortization was recorded.

(Expressed in Canadian dollars)

6. Investment and derivative

The Company entered into a share purchase agreement dated June 28, 2021 (the "SPA"), with Next Decentrum Technologies Inc. ("Next Decentrum"), a private technology corporation focused on education tech platforms and emerging technologies. Under the SPA, the Company will acquire a 16% ownership interest in Next Decentrum, on an undiluted basis, by purchasing an aggregate of 2,673,792 units of Next Decentrum at price of $0.187 per unit, in eight equal tranches over a period of six months, for a total investment of $500,000.

Each unit is comprised of one common share and one share purchase warrant exercisable at $0.2805 per share for a period of 24 months from the date of issuance. The Company has the right to increase its ownership in Next Decentrum to up to 27.6% by providing an additional investment of up to $750,000 in connection with the exercise of all 2,673,792 warrants.

During the year ended September 30, 2021, the Company purchased an aggregate of 1,336,895 units of Next Decentrum for $250,000 representing an 8.9% ownership interest in Next Decentrum. Subsequent to September 30, 2021, the Company completed its investment and holds a 16% ownership interest in Next Decentrum by purchasing an additional 1,336,895 units for $250,000.

For the year ended September 30, 2021, the Company applied the relative fair value method using an implied share price in allocating the value of the units to the underlying common share and warrant components, both of which are level 3 inputs. The fair value of the 1,336,895 shares of $145,182 was based on an implied share price of $0.11 per share and the fair value of the 1,336,895 warrants of $104,818 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free rate of 0.52%; dividend yield of 0%; stock price volatility of 189%; and an expected life of 2 years.

7. Accounts payable and accrued liabilities

	2021	2020
	$	$
Accounts payable	243,906	182,885
Accrued liabilities (Note 10(c))	133,093	189,665
Other payable (a)	-	174,265
	376,999	546,815
Current	376,999	372,550
Non-current (a)	-	174,265

(a) During the year ended September 30, 2021, the Company determined that certain payables had exceeded the statute of barred limitations for collections and, as a result, the Company wrote off the $174,265 of other payable and this amount is included in gain on settlement and write off of payables.

(Expressed in Canadian dollars)

8. Loans and borrowings

	2021	2020
	$	$
Loan from a related party (Note 10(c))	100,000	126,000
CEBA loans (a)	51,800	23,242
Other loans	-	3,500
	151,800	152,742
Current	100,000	129,500
Non-current	51,800	23,242

(a) The Company secured a loan in the aggregate amount of $60,000 from the Government of Canada under the Canada Emergency Business Account ("CEBA") COVID -19 relief loan. The loan carries no interest and matures on December 31, 2022. If the Company repays $40,000 of the loan on or before December 31, 2022, the remaining amount of $20,000 will be forgiven. If the loan is not repaid in full by December 31, 2022, it may be extended to December 31, 2025, at a rate of 5% per annum. On January 12, 2022, the Government of Canada extended the maturity date from December 31, 2022 to December 31, 2023.

The benefit of the government loan received at below market rate of interest is treated as government grant. As at September 30, 2021, the loan of $51,800 (2020 - $23,242) was recognized and measured at fair value using the Company's incremental borrowing rate of 12% per annum.

During the year ended September 30, 2021, the Company recorded the value of the grant of $4,249 (2020 - $17,884), which was the difference between the carrying amount of the loan and proceeds received. During the year ended September 30, 2021, the Company recorded accretion expense of $5,435 (2020 - $1,126) on the loan.

9. Convertible debentures

	July 2017 (a)	January 2021 (b)	Total
	$	$	$
Balance, September 30, 2020	274,000	-	274,000
Issued	-	1,199,600	1,199,600
Equity portion	-	(141,751)	(141,751)
Transaction costs	-	(12,514)	(12,514)
Interest accrued	47,950	-	47,950
Conversion	(321,950)	(884,768)	(1,206,718)
Accretion	-	68,505	68,505
Balance, September 30, 2021	-	229,072	229,072

9. Convertible debentures (continued)

(a) On July 10, 2017, the Company completed a non-brokered private placement of a 12% unsecured convertible debenture in the principal amount of $274,000 (the "2017 Debentures"). The 2017 Debentures were convertible into common shares of the Company at a price of $0.70 per share and matured on February 28, 2019. On June 30, 2020, as approved by the Exchange, the conversion price was amended from $0.70 per share to $0.10 per share. (Note 3(c)).

On February 17, 2021, the debenture holders entered into an assignment agreement with respect to the 2017 Debentures and on February 19, 2021, the 2017 Debentures and accrued interests of $47,950 were converted into 3,219,500 common shares of the Company. (Note 11(b)(ii)).

(b) On January 18, 2021, the Company completed a non-brokered private placement of a one year convertible debentures (the "Debentures") in the principal amount of $1,199,600. The Debentures bear interest at 5% per annum, payable on maturity, and are secured by a general security agreement covering all the assets of the Company.

The Debentures are convertible into units of the Company at a price of $0.06 per unit, where each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.07 per share for a period of two years from the date of conversion.

The Debentures are compound financial instruments which were classified separately as financial liability and equity. At initial recognition, the fair value of the liability component was estimated at $1,045,335, using a discounted cash flow model method with an expected life of 1 year and a discount rate of 19.24%. The conversion feature is classified as equity and was estimated based on the residual value of $141,751. This amount is not subsequently remeasured and will remain in equity until the debentures are converted, in which case, the balance recognized in equity will be transferred to share capital. Transaction costs of $12,514 related to the issuance of the convertible debentures were allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

During the year ended September 30, 2021, 15,993,333 common shares and 15,993,333 warrants were issued on partial conversion of $959,600 Debentures. (Note 11(b)(vii)).

As at September 30, 2021, included in accounts payable and accrued liabilities were accrued interests on the debentures of $27,771. (Note 7).

Subsequent to September 30, 2021, the Company issued 4,000,000 common shares and 4,000,000 warrants on the conversion of all of the remaining $240,000 principal amount of Debentures.

(Expressed in Canadian dollars)

10. Related party transactions

Key management compensation for the years ended September 30, 2021 and 2020 consisted of:

(a) Compensation of key management personnel

	2021	2020
	$	$
CEO Salary	-	60,000
CFO Salary	129,038	-
Share-based compensation (1)	98,609	15,800

(1) Share-based compensation represents the fair value of options granted and vested to directors and officers of the Company.

(b) Related party transactions

	2021	2020
	$	$
Office and administration, salary and benefits (1)	54,525	-
Consulting fees (2)	50,280	-
Professional fees (3)	22,500	29,663

(1) Shared rent, salary and office expenses paid to a company with common directors and officers.

(2) Consulting fees paid to a director of the Company.

(3) Professional fees paid to a company controlled by a director and former CFO of the Company.

(c) Related party balances

The following related party amounts are included in (i) loans and borrowings and (ii) accounts payable and accrued liabilities:

	2021	2020
	$	$
(i) Loan from a former director (1)	100,000	100,000
(i) Loan from a director	-	41,771
(ii) Due to a related party	-	2,625
(ii) Due to a director and officer (2)	50,000	50,000

(1) Pursuant to a promissory note dated September 30, 2014, the loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000.

(2) Amount due is unsecured, non-interest-bearing and without fixed terms of repayment. (Note 7)

11. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued and outstanding

As at September 30, 2021, the Company's issued and outstanding share capital consisted of 62,595,653 (2020 – 16,857,047) issued and fully paid common shares. The following shares were issued during the year ended September 30, 2021:

(i) In February 2021, the Company completed a non-brokered private placement of an aggregate of 9,447,307 units at a price of $0.30 per unit for gross proceeds of $2,834,192 (the "Offering"). Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each whole warrant is exercisable into one common share at a price of $0.75 per share for a period of one year from the date of issuance. Total share issue costs with respect of the Offering were $186,401 which consisted of finder's fees of $32,347, 47,796 finder's warrants at a fair value of $23,054 and consulting and advisory fees of $131,000. The fair value of the 47,796 finder's warrants was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 0.15%; dividend yield of 0%; stock price volatility of 196%; and an expected life of 1 year.

(ii) On February 19, 2021, 3,219,500 common shares were issued on conversion of the 2017 Debentures for $321,950 (Note 9(a)). $224,000 was reclassified from reserves to the share capital on the conversion of the Debentures.

(iii) On March 16, 2021, 4,411,765 common shares were issued at a fair value of $4,700,000 pursuant to the acquisition of assets. (Note 5.)

(iv) In May 2021, the Company completed a non-brokered private placement of 1,116,155 units at $1.37 per unit for gross proceeds of $1,528,882. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.75 per share for a period of one year from the date of issuance subject to accelerated expiry if the shares trade at $2.50 for ten consecutive days. The Company paid a finder's fee of $17,502 related to the private placement.

(v) An aggregate of 910,000 common shares were issued for gross proceeds of $154,250 pursuant to stock options exercises. The fair value of the options of $75,341 was reclassified from reserves to share capital on the exercise of these options.

(vi) An aggregate of 10,640,546 common shares were issued for gross proceeds of $2,084,123 pursuant to warrant exercises.

(vii) An aggregate of 15,993,333 common shares and 15,993,333 warrants were issued on conversion of $959,600 Debentures. $110,688 was reclassified from reserves to the share capital on the conversion of the Debentures. (Note 9(b)).

(Expressed in Canadian dollars)

11. Share capital (continued)

(b) Issued and outstanding (continued)

The following shares were issued during the year ended September 30, 2020:

On November 5, 2019, 70,000 common shares were issued for gross proceeds of $10,150 pursuant to options exercises. The fair value of the options of $6,792 was reclassified from reserves to share capital on the exercise of these options.

12. Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Warrants	Weighted average exercise price
	#	$
Balance, September 30, 2020 and 2019	8,640,546	0.23
Issued	21,322,861	0.25
Exercised [1]	(10,640,546)	0.20
Balance, September 30, 2021	19,322,861	0.29

(1) The weighted average share price on the date of exercise for warrants was $1.67.

As at September 30, 2021, the weighted average contractual life of the share purchase warrants was 1.40 years and the weighted average exercise price was $0.29 per warrant.

The following table summarizes the warrants outstanding as at September 30, 2021:

Exercise Price	Expiry date	Warrants
$		#
0.75	February 2, 2022	3,158,441
0.75	February 5, 2022	1,613,009
1.75	May 12, 2022	558,078
0.07	February 18, 2023	660,000
0.07	March 17, 2023	1,600,000
0.07	May 6, 2023	475,000
0.07	June 24, 2023	1,000,000
0.07	August 18, 2023	8,333,333
0.07	August 23, 2023	1,925,000
		19,322,861

(Expressed in Canadian dollars)

13. Stock options

In 2021, the Company adopted an Omnibus Equity Incentive Plan ("2021 Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The 2021 Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the 2021 Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time.

A summary of the status of the options outstanding follows:

	Stock options	Weighted average exercise price
	#	$
Balance, September 30, 2019	1,114,000	0.318
Granted	720,000	0.12
Exercised	(70,000)	0.145
Expired	(4,000)	0.50
Forfeited	(210,000)	0.61
Balance, September 30, 2020	1,550,000	0.19
Adjustment	50,000	0.70
Granted	340,000	1.36
Exercised (1)	(910,000)	0.17
Forfeited	(420,000)	0.51
Balance, September 30, 2021	610,000	0.71

(1) The weighted average share price on the date of exercise for options was $1.36.

The following table summarizes the options outstanding and exercisable as at September 30, 2021:

Exercise Price	Expiry date	Options outstanding	Options exercisable
$		#	#
0.70	April 4, 2022	50,000	50,000
0.70	July 26, 2022	20,000	20,000
0.30	December 8, 2022	100,000	100,000
0.50	May 23, 2023	30,000	30,000
0.70	May 23, 2023	50,000	50,000
0.12	October 25, 2024	120,000	120,000
1.08	February 8, 2026	200,000	50,000
1.79	May 3, 2026	40,000	5,000
		610,000	425,000

(Expressed in Canadian dollars)

13. Stock options (continued)

As at September 30, 2021, the weighted average contractual life of the stock options was 2.81 years and the weighted average exercise price was $0.71.

During the year ended September 30, 2021, the Company recorded share-based compensation of $136,474 (2020 - $47,400) for all stock options granted and vested during the period.

The fair value of stock options granted during the year was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

	2021	2020
Risk-free annual interest rate (1)	0.45%	1.57%
Expected annual dividend yield	-	-
Expected stock price volatility (2)	193%	88%
Expected life of options (years) (3)	2.71	3
Forfeiture rate (4)	22%	-

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.
(2) Volatility was estimated by using the average historical volatility of the Company.
(3) The expected life in years represents the period of time that options granted are expected to be outstanding.
(4) The forfeiture rate assumption is based on historical results and management's expectations of future forfeitures.

The weighted average fair value of stock options granted during the year ended September 30, 2021 was $0.92 (2020 - $0.07) per option.

14. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

(Expressed in Canadian dollars)

14. Fair value of financial instruments (continued)

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	Fair value method
Measured at fair value	
Investments (FVOCI)	Implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Advance receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

The following table show the carrying amounts and fair values of financial assets and financial liabilities as at September 30, 2021:

	FVTOCI	FVTPL	Amortized cost	Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	-	-	2,508,857	2,508,857
Advance receivable	-	-	300,000	300,000
Investment	145,182	-	-	145,182
Derivative	-	104,818	-	104,818
	145,182	104,818	2,808,857	3,058,857

	FVTOCI	FVTPL	Amortized cost	Total
	$	$	$	$
Financial liabilities				
Accounts payable and accrued liabilities	-	-	376,999	376,999
Loans and borrowings	-	-	151,800	151,800
Convertible debentures	-	-	229,072	229,072
	-	-	757,871	757,871

15. Financial instruments risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains 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.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalent balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions. Credit risk associated with other assets is considered moderate.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at September 30, 2021, the Company had working capital of $2,195,166 (2020 – working capital deficiency of $791,652). The Company is currently pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(c) Market risk

Market risk is the risk that changes in the market related factors, such as interest rates and market prices, which will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2021, the Company did not have any financial instruments subject to significant interest rate risk.

(Expressed in Canadian dollars)

15. Financial instruments risk (continued)

(ii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 6. As at September 30, 2021, the Company did not have any financial instruments subject to significant price risk.

16. Capital management

The Company defines capital as share capital, reserves, and deficit. The Company's objective is to ensure that capital resources are readily available to meet its approved capital expenditure program and to take advantage of attractive acquisition opportunities as they arise.

The Company sets its capital structure in proportion to risk. The Company continually monitors economic and general business conditions and makes adjustments accordingly to maintain or adjust the capital structure. For the capital structure, the Company may purchase and cancel shares pursuant to issuer bids or issue new shares. The Company does not pay out dividends. The Company is not subject to externally imposed capital requirements. There has been no change to the Company's approach to capital management during the year ended September 30, 2021.

17. Finance costs

	2021	2020
	$	$
Accretion expense	73,941	1,126
Interest expense	36,282	36,009
Bank charges	2,417	1,829
	112,640	38,964

18. Supplemental cash flow information

Cash and cash equivalents consist of:

	2021	2020
	$	$
Cash	2,008,857	2,537
Guaranteed Investment Certificate (GIC) (1)	500,000	-

(1) GIC is redeemable on demand, bears rate at 0.25% per annum and matures on December 23, 2021.

(Expressed in Canadian dollars)

18. Supplemental cash flow information (continued)

Supplementary cash flow information:

	2021	2020
	$	$
Non-cash operating activities		
Debenture interest settled in shares (Note 9)	47,950	-
Interest paid	17,591	-

19. Income taxes

The Company and its subsidiaries are subject to income taxes in Canada on its taxable income as reported in its statutory accounts at a tax rate in accordance with the relevant income tax laws.

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2021	2020
	$	$
Net loss before tax	(3,980,572)	(733,603)
Statutory tax rate	27%	27%
Income tax recovery at statutory rate	(1,074,754)	(98,073)
Increase (reduction) in income taxes:		
Non-deductible items	36,848	13,000
Change in tax assets not recognized	1,037,906	185,073
Total income tax expense	-	-

Deferred income taxes result primarily from differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. The Company has temporary differences between the tax and accounting bases of assets. The temporary differences that give rise to deferred income tax assets (liabilities) at September 30, 2021 and 2020, are as follows:

	2021	2020
	$	$
Losses carried forward	1,922,715	818,000
Intangible assets	57,407	39,000
Share issue costs and other	39,063	9,000
Deferred tax asset not recognized	(2,019,185)	(866,000)
Net deferred tax assets (liabilities)	-	-

19. Income taxes (continued)

As at September 30, 2021, the Company has capital losses carried forward of approximately $1,117,000 (2020 – $1,117,000). The Company has non-capital losses carried forward of $6,003,921 as at September 30, 2021 (2020 - $1,898,000). The non-capital losses expire from 2035 to 2041.

20. Segment disclosure

The Company has one operating segment, being the development and marketing of its technology platforms, and its operations and long-term assets are located in North America.

21. Subsequent events

The following events occurred subsequent to September 30, 2021:

(a) The Company cancelled an aggregate of 240,000 stock options held by directors and employees of the Company with a weighted average exercise price of $1.20 per share expiring in February and May 2026.

(b) The Company amended the exercise price of 558,078 warrants from $1.75 to $0.40 per share.

(c) The Company extended the expiry date of an aggregate of 4,723,654 warrants from February 2022 to August 31, 2022.

SCHEDULE B

Management's discussion and analysis for the year ended September 30, 2022

[see next page]

CLOUD NINE WEB3 TECHNOLOGIES INC.

Management's Discussion and Analysis

For the year ended September 30, 2022

Management's Discussion & Analysis

This Management's Discussion and Analysis (the "MD&A") of the financial condition and results of the operations of Cloud Nine Web3 Technologies Inc. (the "Company" or "Cloud Nine") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2022. The MD&A should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2022, and the notes related thereto (the "Annual Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the most recent Annual Information Form ("AIF").

All information in the MD&A is as of January 17, 2023, unless otherwise indicated. The Annual Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on January 17, 2023.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements at the end of this MD&A. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

The Annual Financial Statements, MD&A, AIF and other information, including news releases and other continuous disclosure documents are available on SEDAR at www.sedar.com or on the Company's website at www.cloud9web3.com.

Significant Events and Corporate Developments During the Quarter

The following is a summary of significant events and transactions that occurred during the quarter ended September 30, 2022:

Appointments

Cloud Nine appointed Anthony Zelen to the Board of Directors effective July 20, 2022.

John Bean was appointed to the Board effective August 29, 2022.

Kulwant Sandher resigned from the Board effective August 23, 2022.

Company Overview

The Company is a technology enabled cryptocurrency mining issuer focused on developing and offering peer-to-peer or decentralized infrastructure products. The Company's current sole product is the Limitless VPN (virtual private network) ("Limitless VPN") which is currently functional and offered to the public.

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. The Company is in the pre-revenue phase as business efforts to date have focused on growing the Company's userbase to generate a sufficient Hash Rate for cryptocurrency mining operations. The Company is not acting as an exchange, not offering coins or tokens, nor is it acting as a platform that facilitates the trading of crypto assets that are securities or instruments or contracts involving crypto assets. As of the date hereof, the Company had 31,159 active registered users of the Company's Limitless VPN. The Company considers active registered users as those persons who provide the Company will full time access to their hardware at a sufficient Hash Rate to generate operations. Those users who do not provide full time access or who have outdated or legacy hardware are not considered active registered users by the Company.

The Company currently offers its product without charge. Instead, users who wish to use its Limitless VPN product are required to agree to the Company's terms of use and privacy policies as described below under the headings "Privacy Policy", "Terms of Use Generally" and "Terms of Use – Limitless VPN". The Company intends to monetize its Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. Future monetization through cryptocurrency mining may occur directly or through third parties.

The decentralized web is a concept that proposes the reorganization of the internet in order to remove centralized data hosting services by instead using peer-to-peer infrastructure. Currently, a relatively small number of corporations control a disproportionate amount of online functioning, including control over personal data and activities. In a decentralized ecosystem, proponents believe that content creators and users will have more power, control and revenue channels. While the concept of the decentralized web is in its infancy, proponents like the Company are pursuing their business models by offering peer-to-peer products and promoting educational content that promote the growth of the concept.

Product

The Limitless VPN is a proprietary product owned by the Company and offered to users which relates to the usage of network infrastructure to perform distributed computational processing and to provide the user secure and encrypted connection to the internet. The initial version of the Limitless VPN (www.limitlessvpn.com) was released and available to the public on September 23, 2021.

The Limitless VPN consists of a novel process for utilizing the Hash Rate that computers and mobile devices have to perform distributed computational processing within a network infrastructure while providing secure and encrypted access to the internet. When a user connects to a network infrastructure, which can be implemented either in hardware or software form, a process is used to evaluate the user's unused computational power. One potential embodiment of a hardware - implemented network infrastructure is a connection to a carrier or internet service provider's physical network.

The Company's software intelligently monitors user's computers to check on resource availability and ensure the Company's program never interferes with the main user's day to day activities. As a privacy first company, the Company currently manually checks and validates all sign ups, and is developing a secure algorithm to automate and accelerate the process.

The Company continues to test its crypto-mining capabilities with a small group of users (less than 1,000) to ensure proper testing. The Company has not commenced cryptocurrency mining operations but intends to do so shortly. This user group is to ensure operational stability and troubleshoot tech support issues with our third party monetization relationship with Argent Crypto, an arm's length party.

As the Company expands, it intends to add additional personnel. However, the Company has determined it does not need to do so at this time. Users are not rewarded in crypto, but the Company plans to develop a loyalty and rewards program for power to users that provide above average hash rate.

Limitless VPN - Background

Networks enable the average person to connect to the internet by routing the computer's connection through to network infrastructures located nearby. Historically, there has been little to no encryption and security measures in place to protect the data that is being transferred back and forth between the user's computer to the end server. This means that the connection is easily intercepted. With the evolution of internet tracking tools, random packets of user data now turn into identifiable packets of user data, tracking search history, browsing history, shopping history, communication history and any sort of data consumption. The use of identifiable user data allows big data companies, internet service providers and advertising and marketing agencies to sell and exchange a user's data in order to profit from the information.

Network infrastructures exist to protect user privacy by encrypting packets of data being transferred from the user's connection to the internet. Network infrastructures have both hardware and software implementation as users can own private physical hardware servers or use software implemented network to re-route their connection through an encrypted connection tunnel.

However, the process of setting up and running a personal network infrastructure can be technically challenging and expensive for the average user who simply does not have technical capabilities or resources to implement the solution.

In the recent years, new network infrastructures have been introduced in the market to allow users to plug in a new hardware server and install hardware-specific software to activate or even simply install end user software to connect through a software implemented network with a click of a button through a software graphical user interface.

These new services and products allow users to safely connect through to the internet at a monetary cost. Others may allow for the user to use a service for free, but at the cost of losing true end to end encryption and privacy. Many of these service providers sell the data of the end user to the highest bidder or sell the bandwidth of those connected to the software implemented network or worse, allow other users of the software implemented network to share the user's internet protocol which is your identifiable digital footprint in the network. This can mean that others can conduct activities on the internet that may be traced back to the incorrect, unsuspecting user.

All electronic devices have both a Central Processing Unit (CPU) and a Graphics Processing Unit (GPU). These two devices are central to a computer to be able to carry out the instructions of a computer program and rapidly manipulate and alter memory to create images in a frame buffer to output to a display device, respectively. As computers and mobile devices become more exponentially powerful with increased computational power, the processing power required to perform normal daily tasks have a relatively small increase in contrast to the performance increase. Thus, most end consumers do not require a majority of their processing power at any given time, leaving a large potential of underutilized pool of processing power.

Computational processing has generally been done on singular devices, servers, or enclosed networks. Distributed computational processing is the process of utilizing the computing power throughout the network infrastructure and spreading the workload through the network infrastructure, much like taking an entire puzzle and giving hundreds or thousands of computers small quadrants of the puzzle to solve. By breaking up a large problem to solve into many different quadrants, the puzzle gets solved quicker as the number of computers within the network infrastructure increases the number of solutions being attempted per second.

Cryptocurrencies are digital decentralized currency that uses cryptography as a means to create, transact and verify utilization. Each cryptocurrency has a unique method that defines each unique currency. However, a general common theme requires that the network maintain a public ledger in which new transactions are checked and verified by other members of the network via cryptography. This process is often referred to as mining due to the association of a reward in the form of newly minted cryptocurrency when a mining operation is complete, or solved. Verified transactions and newly created cryptocurrency are documented in the public ledger of each cryptocurrency. Public ledgers serve as an official record of all transaction that happened since the inception of the currency.

Cryptocurrency mining is an embodiment of the distributed computational processing. Cryptocurrency mining generally requires the utilization of physical computational hardware which is often both the CPUs and GPUs. Borrowing from the analogy of the puzzle above, these hardware components are tasked with attempting to fit every single puzzle piece to a single position and does not stop until a puzzle piece fits in that position. Then the computer moves on to the next puzzle position and tries to fit every single puzzle piece into that position, and so on and so forth until the completion of the entire puzzle. A reward is not awarded until the puzzle is complete.

Generally speaking, the average individual computer would take months, if not years, to solve a billion-piece puzzle. However, if multiple computers in a network infrastructure contributed their respective computing power, the puzzle gets solved quicker, and the user receives compensation for their contribution.

Monetization for data storage will be determined on a fee basis calculated whereby the user pays per GB of storage being used/requested. Fees may be offset, and discounts maybe applied for sharing space on a user's own computer in exchange for using decentralized storage space across the network. This model provides value because the service provides a means of offsetting offsite backup and redundancy costs against local hard drive space that a user likely already has but is not using. Regardless of whether a user shares a portion of their hard drive with the network or simply subscribes to offsite storage, a fee will be applied to account for the expense of managing the network and maintaining storage reliability.

Limitless VPN Security

The Limitless VPN currently uses military grade Advanced Encryption Standard (AES) 256-bit encryption protocols and primitives to ensure secure transmission of information across the network. The Company utilizes several protocols within its framework to facilitate secure transmission. Anything stored via decentralized storage among users of the Limitless VPN is secure as it is data is broken down into 'parcels' and stored in multiple locations across the network. Nothing being stored on the user's device can be accessed, as only a fraction of each file is stored on each system. Unpackaging and repackaging is handled via a modified CD erasure coding protocol. Furthermore, personal information and other information of the owner of the computer remains completely isolated from VPN access in the same way that occurs when one connects to the internet using industry standard practices of an internet service provider (in this case, as well, the user's system files remain private). The Limitless VPN adds layers of security and protection against outside data breach attacks for systems who are not otherwise running additional protection software.

Custody and Third Party Platforms

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. Cloud Nine has entered into the Argent Services Agreement with Argent Crypto, an arm's length third party, to provide third-party custody of crypto assets. Argent Crypto is a financial and blockchain services advising firm based in Victoria, British Columbia. Argent Crypto temporarily holds crypto assets in an exchange wallet hosted by Payward Inc., an arm's length financial services company doing business as Kraken Digital Asset Exchange ("**Kraken**"). Kraken has a corporate address located in San Francisco, CA, United States, with a Canadian subsidiary located in Halifax, Nova Scotia.

Argent Crypto can operate as both a payment processor and temporary holder of crypto assets for Cloud Nine in exchange for access to the Hash Rate of the users of Cloud Nine's proprietary Limitless VPN to mine crypto assets. When mining operations are initiated by the Company, any crypto assets collected by Argent Crypto through mining activities will be temporarily held in a Kraken exchange wallet before being converted to fiat currency on the first of every month. The fiat currency would then be split between Cloud Nine and Argent Crypto at a ratio of 93:7 in favour of Cloud Nine. The result is that Argent Crypto will perform all mining, holding, and conversion activities associated with any crypto assets before transferring profits in the form of fiat currency to Cloud Nine. Cloud Nine does not currently mine or hold any crypto assets. The Company has no independent agreement or contract with Kraken, and all services provided by Kraken are facilitated and authorized through Argent Crypto's contractual arrangement with Kraken.

Kraken provides exchange wallet services to Argent Crypto for the period of time between collection of crypto assets and conversion to fiat currency. Argent Crypto uses the Kraken exchange wallet solely for the purpose of temporarily holding crypto assets collected from mining activities and does not use the platform to trade, invest, or purchase crypto assets.

Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based crypto firm, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[1] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[2]

When operations are initiated by the Company, the amount of crypto assets held by Argent Crypto via Kraken at each reporting period end date will depend on the amount of crypto assets mined by Argent Crypto in the calendar month immediately preceding the respective reporting period end date. In any instance, any crypto assets held by Argent Crypto at the reporting period end date are converted to fiat currency on the first day of the month immediately following the reporting period end date. For example, for the three-month interim reporting period ending on December 31, Argent Crypto will hold, on the reporting period end date, any crypto assets mined using Cloud Nine's Hash Rate from December 1 to December 31. Argent Crypto will then convert all such crypto assets to fiat currency on January 1 and

[1] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[2] "Frequently asked questions", https://www.kraken.com/bank.

transfer 93% of said fiat currency to Cloud Nine. Any crypto assets collected and held by Argent Crypto during that three-month reporting period are converted to fiat currency and proceeds paid to Cloud Nine prior to the end of the reporting period.

Crypto assets held by Argent Crypto via Kraken are not insured.

Third-Party Custody via Crypto Asset Trading Platform

Cloud Nine may elect to terminate its service agreement with Argent Crypto, and by extension Kraken, and to assume part of the operations previously performed by Argent Crypto. Under such circumstances, and instead of allowing Argent Crypto access to Cloud Nine's Hash Rate to perform crypto mining activities, Cloud Nine will provide its Hash Rate directly to hash rate broker NICEHASH Ltd. ("**NiceHash**"), an arm's length party, which will in turn rent the Hash Rate to other buyers on the platform to mine crypto assets. Cloud Nine will then collect a portion of the rental fee charged by NiceHash, in the form of crypto assets, for use of the Hash Rate. The Company can commence a contractual relationship with NiceHash by agreeing to NiceHash's standard corporate service terms available through its website.

Any crypto assets earned from renting out the Hash Rate will be transferred from a NiceHash wallet (the "**NiceHash Wallet**") to an exchange wallet hosted by Canadian crypto asset trading platform Newton Crypto Ltd. ("**Newton**", or the "**Newton Wallet**") every four hours. The transfer between the NiceHash Wallet and the Newton Wallet will be performed automatically by the NiceHash platform using NiceHash's "pay-per-share" system.[3] NiceHash and Newton are arm's length to the Company. Cloud Nine will then convert any crypto assets held in the Newton Wallet to fiat currency manually at pre-determined intervals to minimize the risk of loss and/or theft of such assets. The intervals will mirror those currently employed by Argent Crypto, such that all crypto assets accumulated in an exchange wallet over the course of a calendar month will be converted to fiat currency on the first day of the following month. The Company's relationship with Newton will be governed by Newton's standard terms of use available on Newton's website.

Newton is a non-reporting crypto asset trading platform with a registered office at Toronto, Ontario, and is extra-provincially registered in British Columbia. NiceHash is a hash rate broker and marketplace headquartered in the British Virgin Islands with an address located at Road Town, Tortola, VG1110.

Newton uses the following sub-custodians upon the deposit, purchase, or withdrawal of crypto assets from the Newton platform:

- Paradiso Ventures Inc., operating as Balance ("**Balance**"), is an arm's length digital asset custody service with a registered office address located at Toronto, Ontario. Balance is registered with FINTRAC as a money services business dealing in virtual currencies.

- Etana Trust Company, doing business as Etana Custody ("**Etana Custody**"), is an arm's length fiat and digital asset custody service with an address located at Denver, Colorado, United States. Etana Custody is a chartered trust company regulated by the Colorado Division of Banking.

- Coinbase Custody Trust Company LLC ("**Coinbase Custody**") is an arm's length digital asset custody service with an address located at New York, New York, United States. Coinbase Custody is licensed

[3] NiceHash, "What is the PPS reward system?", https://www.nicehash.com/support/mining-help/earnings-and-payments/what-is-the-pps-reward-system.

as a limited purpose trust company with the New York Department of Financial Services. Approximately 80% of Newton's total client assets are held in cold storage by Coinbase Custody.[4]

- Fireblocks Ltd. ("**Fireblocks**") is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[5] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[6] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[7] Approximately 20% of Newton's total client assets are held online in hot wallets secured by Fireblocks.[8]

- Newton has licensed software from Digital Services Limited (trading as CoinCover) ("**CoinCover**"), an arm's length party to the Company, to provide additional security for keys to crypto assets held by Newton using Fireblocks, including key pair creation, device access recovery and account access recovery. CoinCover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by Newton that involve such sub-custodians are facilitated and authorized through Newton's contractual arrangement with each sub-custodian.

NiceHash uses the following sub-custodians to host and manage the NiceHash Wallet, including holding, storing and transferring funds:

- BitGo Holdings, Inc. ("**BitGo**") is an arm's length digital asset trust company that provides institutional digital asset custody services. BitGo is a Delaware corporation with headquarters at 2443 Ash Street, Palo Alto, California, 94306, United States. BitGo provides both hot wallet access and cold storage. For hot wallet access, BitGo uses "leading institutional grade, multi-signature wallets" which comply with SOC 2 Type 2 certification and are protected by third-party key recovery service insurance.[9] BitGo's cold storage is performed by BitGo Trust Company, which is a chartered trust company in South Dakota (and in New York for New York clients only). BitGo Trust Company is also a "qualified custodian", meaning it is a regulated entity that has a fiduciary duty to its clients and meets rigorous regulatory standards and audits that help protect client funds against loss, theft, or misuse.[10]

- Fireblocks is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in

[4] Newton Relationship Disclosure, "Custodial Arrangements", https://www.newton.co/relationship-disclosure.
[5] Fireblocks Security, https://www.fireblocks.com/platforms/security/.
[6] Fireblocks Blog, https://www.fireblocks.com/blog/building-out-our-regulatory-compliance-team/.
[7] Fireblocks About, https://www.fireblocks.com/about/.
[8] Newton Risk Disclosure, Section 4(b), https://www.newton.co/risk-disclosure.
[9] BitGo Wallet Platform, https://www.bitgo.com/services/custody/wallet-platform.
[10] BitGo Blog, "Not All Custody Is Created Equal: A Guide to Choosing the Right Custodian", https://blog.bitgo.com/not-all-custody-is-created-equal-a-guide-to-choosing-the-right-custodian-9823d48a26d8.

storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[11] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[12] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[13]

- NICEX Ltd. ("**NiceX**") is an arm's length cryptocurrency exchange created by NiceHash. NiceX has an address located at Road Town, Tortola, British Virgin Islands. NiceX secures wallets and private keys using AES-256 encryption and backs all crypto assets with full reserves.[14] Cloud Nine's activities involving NiceX will be limited to dealing in virtual assets as a medium of exchange, and are therefore outside the regulatory remit of the BVI FSC and other pertinent securities regulation pursuant to the FSC Guidance.[15]

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by NiceHash that involve such sub-custodians are facilitated and authorized through NiceHash's contractual arrangement with each sub-custodian.

Newton provides an exchange wallet in which Cloud Nine will temporarily hold crypto assets received in exchange for renting out Cloud Nine's Hash Rate on the NiceHash platform. Cloud Nine will convert any crypto assets held in the Newton Wallet to fiat currency on the first day of each calendar month.

NiceHash provides a marketplace in which users can buy and sell hash power necessary for crypto mining activities. Cloud Nine will offer its Hash Rate for rent on the NiceHash platform and receive compensation from NiceHash in the form of crypto assets paid by other NiceHash users for use of the Hash Rate. NiceHash also provides an online wallet to hold crypto assets prior to transfer and conversion to fiat currency in the Newton Wallet.

Neither Newton nor NiceHash is a Canadian financial institution as defined in NI 45-106. Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[16]

When mining operations are initiated by the Company, the amount of crypto assets held by Newton at each reporting period end date will depend on the amount of crypto assets received from NiceHash in the calendar month immediately preceding the respective reporting period end date. In any instance, any crypto assets held by Newton at the reporting period end date will be converted to fiat currency on the first day of the month immediately following the reporting period end date. For example, for the three-month interim reporting period ending on December 31, Newton will hold, on the reporting period end date, any crypto assets received from NiceHash from December 1 to December 31. Cloud Nine will then convert all such crypto assets to fiat currency on January 1 and transfer all proceeds to a banking account at a Canadian financial institution. Any crypto assets collected and held in the Newton Wallet in during

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[11] Fireblocks Security, *supra* note 9.
[12] Fireblocks Blog, *supra* note 10.
[13] Fireblocks About, *supra* note 11.
[14] NiceX Security, https://www.nicex.com/security.
[15] Padarin, Michael and Daniel Moore, *supra* note 2.
[16] Newton Relationship Disclosure, *supra* note 8.

that three-month reporting period are converted to fiat currency and transferred out of the Newton Wallet prior to the end of the reporting period.

There will be no crypto assets held by NiceHash at any reporting period end date. Any crypto assets earned from renting out the Hash Rate will be transferred from the NiceHash Wallet to the Newton Wallet every four hours. The transfer between the NiceHash Wallet and the Newton Wallet will be performed automatically by the NiceHash platform using NiceHash's "pay-per-share" system.[17]

Newton, in its Terms of Use, makes no representations or warranties as to whether deposits are insured or whether each sub-custodian provides insurance or coverage limits. Newton has obtained a guarantee from CoinCover for 100% of the client assets held with sub-custodian Fireblocks, excluding losses arising from the gross negligence, willful misconduct or fraud of an employee or representative of Newton. The guarantee covers the theft or loss of crypto assets and also includes a software technology solution which monitors and limits transactions and prevents funds from being maliciously taken from Fireblocks wallets. The total aggregated cover amount under the CoinCover guarantee is currently over US$19.5 million and the coverage amount is reviewed periodically by Newton.[18] Additionally, sub-custodian Coinbase Custody maintains US$320 million of insurance (pre-incident and overall) which covers losses of assets held by Coinbase Custody on behalf of its customers due to third party hacks, copying or theft of private keys, insider theft, or dishonest acts by the Coinbase Custody's employees or executives and loss of keys.[19] Newton expressly limits its liability in all other instances of theft and loss in its Terms of Use. Cloud Nine aims to mitigate this risk by converting crypto assets to fiat currency at regularly scheduled intervals, thus reducing the amount of crypto assets held in the Newton Wallet over time.

Treatment of assets in the event of an insolvency or bankruptcy of a custodian

The Company is not aware of any specific protocols relating to the treatment of assets in the event of an insolvency or bankruptcy of either Argent Crypto or Kraken. In the event of an insolvency or bankruptcy of Argent Crypto, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, will apply as required. Kraken will be subject to the *United States Bankruptcy Code* (U.S.C. Title 11) and *Federal Rules of Bankruptcy Procedure*, subject to certain exemptions under the California Code of Civil Procedure § 703.

The Company is not aware of any specific protocols relating to the treatment of assets in the event of an insolvency or bankruptcy of either Newton or NiceHash. In the event of an insolvency or bankruptcy of Newton, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, will apply as required. Insolvency or bankruptcy of NiceHash will be governed by the British Virgin Islands *Insolvency Act* 2003 and the British Virgin Islands *Insolvency Rules* 2005.

Due diligence on the custodian

With regards to NiceHash, the Company has reviewed the NiceHash website generally at https://www.nicehash.com/ and https://www.nicehash.com/about, as well as the Terms of Use publicly available at https://www.nicehash.com/terms, the security features at https://www.nicehash.com/security. The Company can monitor the status of NiceHash at https://status.nicehash.com/, and has identified alternate services that may be used in the event the

[17] NiceHash, *supra* note 7.
[18] Newton Terms of Use, "Depositing Digital Assets, Transactions and Third-Party Custody", https://www.newton.co/terms-of-use.
[19] Newton Risk Disclosure, Section 4(c), https://www.newton.co/risk-disclosure.

NiceHash service is disrupted or fails.

With regards to Kraken, the Company has reviewed the Kraken website generally at https://www.kraken.com/why-kraken and https://blog.kraken.com/about/, as well as the Terms of Service publicly available at https://www.kraken.com/legal, the security features at https://www.kraken.com/features/security, and details regarding Kraken Bank and its SPDI Bank Charter at https://www.kraken.com/en-us/learn/finance/spdi-bank-charter. The Company can monitor the status of Kraken at https://status.kraken.com/.

Security breaches or other similar incidents involving custodians

The Company is not aware of any security breaches or other similar incidents involving either Argent Crypto or Kraken which resulted in the loss or theft of crypto assets.

The Company is not aware of any security breaches or other similar incidents involving Newton in which crypto assets have been lost or stolen. A cybersecurity breach involving one of Newton's sub-custodians occurred in April 2021, although which sub-custodian in particular was not disclosed. The breach did not cause any loss to Newton customers. At the time, Newton announced that it was halting trading on its platform to allow the sub-custodian to remedy the breach. Newton further announced that the breach was unlikely to affect Newton users in any event as the platform stores the majority of customer assets in cold storage and only keeps a limited amount of funds in hot wallets to facilitate withdrawals.[20]

On December 6th, 2017, NiceHash was hacked for 4,736 Bitcoin ("**BTC**"). At the time, the stolen BTC was worth roughly $70 million (in USD). The attacker was able to obtain a NiceHash employee's credentials via a spear phishing email and was able to perform lateral movement within the NiceHash data center via the stolen VPN credentials. NiceHash immediately reported the incident to law enforcement, as well as hired LIFARS, an arm's length cyber security company, to investigate the breach and attempt to recover misappropriated funds. NiceHash cooperated with Europol and U.S. law enforcement agencies throughout the process.[21] While funds were unable to be recovered, NiceHash established a repayment plan under which it promised to fully reimburse all users who lost funds as a result of the breach. NiceHash repaid all eligible users who applied for reimbursement by December 16, 2020.[22]

Cryptocurrencies

The Company anticipates dealing primarily in cryptocurrency USD Coin. USD Coin is a stablecoin that is pegged to the US Dollar. USD Coin is managed by a consortium called Centre, and is 100% backed by cash and short-dated US treasuries held in the custody of US financial institutions, including BlackRock and BNY Mellon. Centre was founded by Circle, which is regulated as a licensed money transmitter under US state law. Circle's financial statements are audited annually and subject to review by the US SEC.[23] Since USD

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[20] Megan Simpson, "Newton Had An Outage And Now Users Are Complaining Their Transactions Are Pending", Canadian Startup News, April 28, 2021, betakit, https://betakit.com/newton-had-an-outage-and-now-users-are-complaining-their-transactions-are-pending/.

[21] "NiceHash security breach investigation update", November 11, 2018, https://www.nicehash.com/blog/post/niceHash-security-breach-investigation-update.

[22] "NiceHash keeps the promise and will fully reimburse its users", November 15, 2020, https://www.nicehash.com/blog/post/nicehash-keeps-the-promise-and-will-fully-reimburse-its-users

[23] USD Coin Home Page, https://www.circle.com/en/usdc#:~:text=USDC%20is%20a%20fully%2Dreserved,equivalence%20to%20the%20U.S.%20dollar.

Coin can be exchanged for US Dollars at a 1:1 ratio, it is generally protected from the market volatility experienced by other cryptocurrencies, but it may still be affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Once future operations commence, any future profitability of the Company will be directly related to the current and future market price of cryptocurrencies that can be exchanged for USD Coin. A decline in the market prices for cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its cryptocurrency revenue or future mining of cryptocurrencies. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies are not indicative of their future price performance.

Once cryptocurrency mining operations commence, the Company intends on providing Hash Rate primarily for the mining of cryptocurrency Monero. The Company will be paid in USD Coin in exchange for providing Hash Rate to mine Monero. The Company is not aware of any risk of decreased rewards for mining Monero in particular. Crypto assets behave like many other marketable assets in that they have the potential to fluctuate in value. The amount of any future revenue the Company is able to receive from NiceHash in exchange for Hash Rate rental will depend on the number of NiceHash users who plan on using the Hash Rate to mine Monero. Unfavourable and unforeseen market conditions may cause decreased rewards for mining any particular crypto asset, including Monero.

Regulatory Framework

Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based crypto firm, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[24] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[25]

Neither Newton nor NiceHash is a Canadian financial institution as defined in NI 45-106. Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[26]

Newton is incorporated in Canada under the federal *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and is subject to Canadian securities regulation. Newton has not provided a pre-registration undertaking pursuant to the Canadian Securities Administrators' announcement on August 15, 2022, but has been granted relief to distribute crypto contracts and operate a platform in Canada that facilitates the buying, selling and holding of crypto assets while seeking registration as an investment dealer and membership with IIROC.[27]

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[24] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[25] "Frequently asked questions", https://www.kraken.com/bank.
[26] Newton Relationship Disclosure, *supra* note 8.
[27] Ontario Securities Commission, *supra* note 1.

NiceHash is incorporated under the *BVI Business Companies Act* of the British Virgin Islands. The British Virgin Islands does not currently have a specific regulatory framework for virtual assets or cryptocurrencies, although it is expected that the jurisdiction will in time develop a regulatory framework tailored specifically for virtual assets.[28] In the meantime, the BVI FSC has issued the FSC Guidance outlining which types of crypto assets and activities are subject to the regulatory remit of the BVI FSC and other pertinent securities regulation.[29] A virtual asset or other digital property which is only a medium of exchange with no benefits or rights other than ownership of the coin would not be considered an investment and the FSC Guidance confirms that such assets will generally fall outside the scope of regulation.[30] The Company's proposed use of the NiceHash platform relates only to activities involving virtual assets that are used as a medium of exchange and do not fall within the regulatory remit of the BVI FSC or related securities legislation.

Generally and in Canada, the Company is required to follow the requirements of provincial privacy laws, such as the *Personal Information Protection Act* (BC), and the federal privacy laws in Canada, namely the *Personal Information Protection and Electronic Documents Act* (Canada). In the United States, the Company is not subject to the California Consumer Privacy Act at this time, but is subject to other US state and federal privacy laws. The Company's privacy policy is compliant with applicable Canadian and United States privacy laws. As noted above, personal information is not accessed when a user accesses the Limitless VPN or when a user's latent computer processing power is accessed for monetization purposes. At this time, the Company is not accepting users located in Europe or other jurisdictions as the Company has not considered compliance with the European or UK General Data Protection Regulation or compliance with privacy legislation of other jurisdictions.

Privacy Policy

The Company's Privacy Policy governs the use of personal information by the Company and its authorized affiliates and contractors in the operation of its business and how the Company uses such personal information. Under the policy, "personal information" means information about an identifiable individual, such as their name, address or contact information (including home telephone number and personal e-mail address). By submitting personal information to the Company or by otherwise using the Company's services, the user is deemed to consent to the collection, use and disclosure of their personal information in accordance with the Privacy Policy. If a user does not agree with some or all of the Privacy Policy, the user must not use the services or submit personal information to the Company. The Privacy Policy sets out how the Company collects personal information and is used for a variety of purposes including the following:

- to create and administer the user account on the services;
- where a user provides consent after requesting access to the Company's Limitless VPN services, to determine the user's hardware capabilities and general system profile in order to optimize available computer resources for task synchronization with a view to permitting the Company and its authorized affiliates and contractors to utilize the processing power of devices across the shared VPN network;
- to share information about the Company, its services, and other products and services with the user;

[28] Padarin, Michael and Daniel Moore, *supra* note 2.
[29] BVI FSC Guidance on Regulation of Virtual Assets in the Virgin Islands, *supra* note 3.
[30] Padarin, Michael and Daniel Moore, *supra* note 2.

- to communicate with users regarding changes to services, maintenance, account confirmation, technical support or any security issues;
- to communicate with users regarding inquiries for information or customer service requests or employment opportunities;
- to conduct market research;
- to monitor traffic on the Company's services;
- to determine the future direction of the Company's services, including technical upgrades;
- to provide, monitor, personalize and improve the Company's services;
- to develop new products and services;
- to protect the Company's rights and the rights of other registered users;
- to investigate security breaches, protect against, detect, investigate and prevent potentially fraudulent, unauthorized or illegal activities or cooperate with government and law enforcement authorities in connection with legal matters;
- to aggregate and anonymize personal information; and
- for other purposes related to the relationship between the Company and the user, where the user has provided its consent or as otherwise permitted or required by law.

The Company also shares some of a user's personal information with third parties in order to offer the services to its userbase, including:

- the Company may disclose user personal information to third party service providers for fraud prevention or for law enforcement purposes;
- protecting the Company's rights and property, including for security breach, loss or fraud prevention, investigation or mitigation purposes;
- protecting the safety of a person or a group of persons;
- with third party service providers that help the Company to provide its services, including course providers, platform providers, app providers, providers of website hosting, data warehousing, data analysis, event logging, information technology, customer service, payment processing, user analytics, notifications and email delivery and messaging services (including third party service providers which are engaged by the Company to access and utilize the unused processing power of the devices of users of the Limitless VPN in order to mine cryptocurrencies or perform various background CPU tasks such as research data mining);
- with a third party, in the event of a change in ownership of all or a part of the Company through some form of merger, purchase, sale, lease or amalgamation or other form of business combination, provided that the parties are bound by appropriate agreements or obligations which require them to use or disclose personal information in a manner consistent with the use and disclosure provisions of this Privacy Policy;
- other purposes identified when the personal information is collected, or as permitted or required by law; and
- with any third party, where a user has provided their consent for such disclosure or where disclosure is required or permitted by law.

By submitting personal information to the Company, creating a user account, or otherwise using the Company's services, a user is deemed to consent to the collection, use and disclosure of their personal information in the manner described in the Privacy Policy. To the extent that the Company is required by applicable laws to obtain a user's explicit consent for the collection, use or disclosure of their personal information in accordance with the Privacy Policy, such consent will be requested at the appropriate time. Further, if the Company plans to use or disclose a user's personal information for a purpose not previously identified, the Company will advise the user of that purpose before such use or disclosure. However, the Company may collect, use or disclose a user's personal information without their knowledge or consent where the Company is permitted or required to do so by applicable law or regulatory requirements.

A user may change or withdraw their consent at any time, subject to legal or contractual restrictions and reasonable notice, by contacting the Company's privacy officer. In some circumstances, a change or withdrawal of consent may limit the Company's ability to provide services to a user or their ability to access certain areas of the Company's services.

Terms of Use - Generally

The Company has a general Terms of Use agreement. The agreement describes a user's rights and responsibilities as a user of the Company's website and related services offered by the Company. Use of the Company's services, including a visit to its website, is deemed to be acceptance of the agreement.

Use of the Company's website and its services are undertaken at a user's own risk and to the extent not prohibited by applicable law, the Company will not be liable for any general, direct, incidental, special, exemplary, consequential, indirect, or punitive damages arising out of a user's access to or use of the website or the Company's services. The agreement states that the Company will not be responsible for late, lost, incomplete, illegible, misdirected or stolen messages, unavailable network connections, failed, incomplete, garbled or delayed computer transmissions, on-line failures, hardware, software or other technical malfunctions or disturbances or any other communications failures or circumstances affecting, disrupting or corrupting communications. If a user is dissatisfied with the Company's website or services or with the terms of use agreement, a user's sole and exclusive remedy is to discontinue using them.

By agreeing to the terms of use, a user agrees to indemnify and save harmless the Company from and against any claim or liability brought against or suffered or incurred by us as a result of a user's use of the Company's website or services. In addition, in the event the Company is made a party to any claim, suit or action relating to or arising from any services offered by the Company that is initiated by a user, which is unsuccessful or initiated by a third party, who is suing a user, the user agrees to reimburse the Company at a reasonable rate for all personnel time and expenses expended by the Company in response to such claim, suit or action including without limitation, all attorney fees and expenses incurred by the Company with respect to such response. The defence and indemnification obligations survive termination of the terms of use agreement and a user's cessation of use of the Company's website and services.

Terms of Use – Limitless VPN

In addition to the general Terms of Use agreement set out above, use of the Company's Limitless VPN by users also requires agreement with a separate terms of use for the Limitless VPN. Generally speaking, a user is prohibited from undertaking certain actions such as violating any domestic or foreign laws, engaging in unsolicited advertising, engaging in harassing messages, engaging in fraudulent activities, downloading and transmitting any material that infringes the intellectual property rights of third parties, and downloading and transmitting any material that is libelous, defamatory, discriminatory, etc. Similarly, a user is prohibited from scanning for open proxies or open relays, port scanning, storing any data that violates applicable laws, and launching any pop-ups from the Company's services.

By accessing the Limitless VPN, a user acknowledges that a portion of the unused computational power of their computer or other device will join the network infrastructure of the Limitless VPN to perform distributed computational processing tasks. When a user connects to the Limitless VPN network infrastructure, a process is used to evaluate the user's unused computational power after the user is notified that this process will be used and the user has provided consent. Cloud Nine uses third party service providers to access and utilize unused processing power of the computer and devices in the Company's userbase to mine cryptocurrency or perform various background CPU tasks ("**Computational Tasks**"). By using the Limitless VPN, a user acknowledges that the third party service providers are authorized to perform the Computational Tasks and that the user will be subject to the terms, conditions and policies of the third party service providers. The Computational Tasks are not part of the services provided by Cloud Nine.

Selected Annual Information

The following selected financial information is derived from the audited consolidated financial statements of the Company for the years ended September 30, 2022, 2021 and 2020. This information should only be read in conjunction with the audited consolidated financial statements for the respective periods indicated.

Years ended September 30,	2022	2021	2020
	$	$	$
Revenue	Nil	Nil	9,870
Total expenses	3,130,410	4,135,778	498,383
Net loss	3,549,912	3,980,572	733,603
Loss per share – basic and diluted	$0.05	0.11	0.04

As at September 30,	2022	2021	*(Restated)* 2020
	$	$	$
Total assets	6,891,623	8,449,287	58,144
Total current assets	1,325,906	2,901,237	2,538
Total liabilities	370,055	757,871	991,697
Shareholders' equity (deficit)	(13,033,246)	(9,041,518)	(5,082,023)

Cloud Nine has not declared nor paid any cash dividends on any of its issued Common Shares since its inception. The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future. Other than requirements imposed under applicable corporate law, there are no other restrictions on Cloud Nine's ability to pay dividends under the Company's constating documents. Subject to the BCBCA, payment of any dividends, if any, will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, and current and anticipated cash needs. All of the Common Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

Fiscal 2022

In Fiscal 2022, the Company purchased an additional 1,336,895 units of Next Decentrum Technologies Inc. ("Next Decentrum") for an additional investment of $250,000. As at September 30, 2022, the Company holds an aggregate of 2,673,792 units for a total investment of $500,000. As at September 30, 2022, the fair value of the warrant component of the investment (derivative) was $861,000 and the fair value of the share component was $903,000. During Fiscal 2022, the Company recorded a gain on the fair value of the derivative of $615,000 in profit and loss and a gain on the fair value of the shares of $649,000 in other comprehensive income.

During Fiscal 2022, the Company recorded an impairment charge to intangible assets related to the Limitless VPN of $1,087,646.

Fiscal 2021

In Fiscal 2021, there was a significant increase in the Company's total assets as a result of the acquisition of the Limitless VPN for total consideration of $5,000,000.

During Fiscal 2021, the Company purchased 1,336,895 units of Next Decentrum for a total investment of $250,000. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.2805 per share expiring December 31, 2026.

The overall increase in net loss in Fiscal 2021 was attributed to increased corporate activity related to a corporate reorganization, asset acquisition, marketing, investment and financings.

Fiscal 2020

In Fiscal 2020, the Company's audited financial statements have been restated in connection with a change in accounting policy and correction of errors. Please see note 3 to the Company's 2021 audited annual financial statements for a detailed disclosure on the restatement.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three months ended	Sep 2022(1)	Jun 2022(2)	Mar 2022(3)	Dec 2021(4)	Sep 2021	Jun 2021(5)	Mar 2021(5)	Dec 2020
	$	$	$	$	$	$	$	$
Total expenses	659,773	476,665	1,448,826	545,146	646,177	1,592,656	1,870,309	26,636
Net (loss) income	(1,631,921)	(1,106,440)	(1,477,568)	666,017	(502,749)	(1,613,845)	(1,839,406)	(24,572)
Total comprehensive (loss) income	(1,577,921)	(1,924,440)	(1,477,568)	2,079,017	(502,749)	(1,613,845)	(1,839,406)	(24,572)
Income (loss) per share – basic and diluted	(0.03)	(0.02)	(0.02)	0.04	(0.01)	(0.03)	(0.05)	0.00

(1) The increase in net loss during the quarter was primarily attributable to an impairment charge to intangible assets related to the Limitless VPN of $1,087,646.

(2) Net loss during the quarter was largely attributable to an unrealized fair value loss of $629,000 on derivative related to the warrant component of the investment in Next Decentrum. The increase in comprehensive loss was primarily attributable to the unrealized fair value loss of $818,000 on the share component of the investment in Next Decentrum.

(3) Higher expenditures and net loss during the quarter were primarily attributable to stock-based compensation of $1,009,870.

(4) Net income during the quarter was primarily attributable to the unrealized gain on the fair value of derivative of $1,225,000 related to the warrant component of the investment in Next Decentrum. Comprehensive income during the quarter was mainly due to the unrealized gain on the fair value of the shares of Next Decentrum of $1,413,000.

(5) Higher expenditures and net loss due to higher advertising and promotion, consulting, investor relations and marketing costs of $1,523,819 and $1,449,841 during the March 2021 and June 2021 quarters, respectively, as well as other expenditures due to increased corporate activity related to the Company's corporate reorganization and the Limitless VPN acquisition.

Results of Operations

Cloud Nine currently offers the Limitless VPN to users without charge. The Company is currently focusing on growing its userbase through marketing and offering additional content, and once its userbase increases to a sufficient number, the Company intends to monetize the Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. Future monetization through cryptocurrency mining may occur directly or through third parties. As of the date of this MD&A, the Company has 55,101 registered users, of which 31,159 are active users. Please see "Product" above.

The selected financial information is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with IFRS.

	Fiscal		Q4	
	2022	2021	2022	2021
	$	$	$	$
Expenses:				
Advertising and promotion	32,866	747,660	-	100,000
Amortization and depreciation	583,295	68,310	146,071	28,521
Consulting fees	5,500	641,975	-	61,940
Investor and public relations	156,793	516,105	37,977	62,666
Marketing	14,000	1,342,526	-	50,000
Salaries and benefits	380,580	198,877	95,330	82,983
Share-based compensation	1,401,674	136,474	219,072	47,708
Other Items:				
Impairment of intangible assets	1,087,646	-	1,087,646	-
Unrealized gain on derivative	(615,000)	-	(42,000)	-
Net loss	3,549,912	3,980,572	1,707,540	502,748
Net loss per share	0.05	0.11	0.03	0.01

Fiscal 2022 compared to Fiscal 2021

For Fiscal 2022, the Company did not generate any revenues from operations and recorded a net loss of $3,549,912 compared to $3,980,572 for Fiscal 2021. The overall decrease in loss of $430,660 was largely attributable to an aggregate decrease in advertising and promotion, consulting fees, marketing, and investor and public relations expenses of $3,039,107 as well as an increase in the unrealized fair value gain on derivative of $615,000, offset by increases in amortization of $514,985, salaries and benefits of $181,703, share based compensation of $1,265,200, and an impairment charge to intangible assets of $1,265,200, all of which are itemized below.

Expenses

Advertising and promotion, marketing and investor and public relations decreased significantly during Fiscal 2022 as in Fiscal 2021, the Company carried out advertising and marketing campaigns to increase brand awareness and drive users to the Limitless VPN platform prior to its official release. The Company spent more than anticipated due to the delays in launching the VPN platform. In Fiscal 2022, the Company incurred very minimal advertising and marketing expenditures consisting of advertising and promotion of $32,866 related to billboard advertising in the metaverse and website related expenditures and marketing of $14,000 related to social media expenses. Investor and public relations expenditures in Fiscal 2022 of $156,793 consisted of fees of $18,000 paid to a news release provider, investor relations fees of $78,000 and market making fees of $60,000.

Amortization expense increased by $514,985 in Fiscal 2022 primarily due to the amortization of Limitless VPN intangible assets of $534,785. Amortization expense in Fiscal 2021 of $68,310 mainly comprised of the amortization of education technology intangible asset.

During Fiscal 2022, consulting fees decreased by $636,475 as in the prior year, the Company had increased corporate activity related to its Limitless VPN acquisition and related due diligence, business development and financing, and incurred consulting expenses related to strategic capital markets advisory and strategic financial consulting services. No such expenses were incurred in Fiscal 2022.

The increase in salaries and benefits of $181,703 during Fiscal 2022 was due to the hiring of a new CEO and Vice President of Operations.

Share based compensation in Fiscal 2022 of $1,401,675 (Fiscal 2021 - $136,474) consisted of the fair value of new and vested stock options of $1,064,096 (Fiscal 2021 - $136,474), new and vested RSUs of $227,550 (Fiscal 2021 - $Nil), accelerated vesting of cancelled options of $81,525 (Fiscal 2021 - $Nil) and the fair value incremental change of $28,504 (Fiscal 2021 - $Nil) on the modification of options.

Other items

In Fiscal 2022, the Company recognized an impairment charge of $1,087,646 to intangible asset (Limitless VPN). The impairment charge to intangible asset was attributable to a decline in the market prices of cryptocurrency, change in strategic plans including deferral of the Limitless VPN monetization and decline in stock price and market capitalization of the Company. Refer to note 5 to the Annual Financial Statements for a description of the key assumptions used in the impairment testing.

During Fiscal 2022, the Company recognized an unrealized gain on the fair value of the derivative of $615,000 related to the warrant component of the investment in Next Decentrum. The Company recognized an unrealized fair value gain of $649,000 on the share component of the investment in other comprehensive income. No unrealized fair value gains or losses were recorded on the derivative and investment during Fiscal 2021.

Q4 2022 compared to Q4 2021

Net loss in Q4 2022 was $1,631,921 compared to net loss of $502,748 in Q4 2021. The overall increase in net loss of $1,129,173 was primarily attributable to the impairment charge to intangible assets of $1,087,646.

Expenses

Advertising and promotion, consulting, marketing, and investor and public relations decreased by $236,629 during Q4 2022 as in Q4 2021, the Company made final payments on its marketing campaigns related to the launching of its VPN. No marketing campaign was carried out in Q4 2022.

The increase in amortization of $117,550 during Q4 2022 was primarily attributable to the amortization of the Limitless VPN intangible asset. Amortization expense in Q4 2021 of $28,521 mainly consisted of the amortization of education technology intangible asset.

During Q4 2022, share-based compensation of $219,072 (Q4 2021 - $47,708) consisted of the fair value of vested stock options of $125,138 (Q4 2021 - $47,708), vested RSUs of $65,430 (Q4 2021 - $Nil) and the fair value incremental change of $28,504 (Q4 2021 - $Nil) on the modification of options.

Other items

During Q4 2022, the Company recognized an impairment charge to intangible asset of $1,087,646 (Q4 2021 - $Nil) related to the Limitless VPN. See (“*Fiscal 2022, Other Items”*).

During Q4 2022, the Company recorded an unrealized gain on the fair value of the derivative of $42,000 related to the fair value change of the warrant component of the investment in Next Decentrum. The Company recognized an unrealized fair value gain of $54,000 during Q4 2022, on the share component of the investment in other comprehensive income. No unrealized fair value gains or losses were recorded on the derivative and investment during Q4 2021.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through debt and equity financings.

As of September 30, 2022, the Company had working capital of $955,851 (2021 - $2,195,166) and cash and cash equivalents of $1,104,535 (2021 - $2,508,857). The decrease in working capital of $1,239,315 in fiscal 2022 was attributable to the funding of the Company’s operating expenses, additional equity investments in Next Decentrum and investments in intangible assets and product development costs. Net cash on hand decreased by $1,404,322 as at September 30, 2022 due to cash used in operating and investing activities of $1,088,347 and $405,365, respectively, offset by cash received from financing activities of $89,390.

The Company does not expect to require additional funds to meet its short-term requirements and to complete its objectives and expansion plans for the next 12 months. If necessary, the Company expects it will fund any additional capital requirements beyond the next 12 months from future financing activities. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all.

As of the date of the MD&A, the Company had working capital of approximately $726,000 available for the principal purposes of achieving its business objectives and milestones for the next 12 month period, general and administrative expenses and unallocated working capital. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all. However, it is anticipated that the available funds will be sufficient to satisfy the Company's objectives over the next 12 months. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Cash Flow Highlights

The table below summarizes the Company's cash flows for Fiscal 2022 and 2021:

	2022	2021
	$	$
Cash used in operating activities	(1,088,347)	(4,229,433)
Cash used in investing activities	(405,365)	(860,754)
Cash provided by financing activities	89,390	7,596,507
(Decrease) increase in cash	(1,404,322)	2,506,320

Cash flow used for operations decreased in Fiscal 2022 as the Company did not carry out marketing activities during the period.

Investing activities during the Fiscal 2022 were primarily attributable to the investments made in intangible asset product development costs and investment in Next Decentrum shares and derivatives.

The Company generated cash of $89,390 from the exercises of warrants.

Contractual Obligations and Commitments

A summary of the Company's contractual obligations and commitments, which outlines the year the payments are due are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	211,640	211,640	-	-
Loans and borrowings	158,415	158,415	-	-
	370,055	370,055	-	-

Management is committed to raising additional capital to meet its financial obligations and commitments, fund its operations, growth initiatives and capital expenditures. The Company believes that its current capital resources will be sufficient to meet all of its immediate obligations for the 12 months.

	2022	2021
	$	$
Cash and cash equivalents	1,104,535	2,508,857
Working capital	955,851	2,195,166
Current liabilities	370,055	706,071
Long term liabilities	-	51,800
Shareholders' equity	6,521,568	7,691,416

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions andrisk characteristics of the underlying assets. The capital resources used for operations were mainly from loans and borrowings and proceeds from the issuance of common shares.

There are no third party working capital requirements, covenants or other similar restrictions. There were no capital expenditure commitments as at the reporting date or as of the date of this MDA.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at September 30, 2022, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

During Q4 2022 and Fiscal 2022, compensation to key management personnel included a salary to the CFO of $51,817 and $176,106, respectively (2021 - $52,885 and $129,038, respectively), salary to the CEO of $30,000 and $80,000, respectively (2021 - $Nil) and share-based compensation of $60,713 and $435,835, respectively (2021 - $27,795 and $98,609, respectively).

During Q4 2022 and Fiscal 2022, related party transactions included:

1. Shared rent, salary and office expenses of $21,800 and $72,800, respectively (2021 - $17,306 and $54,525, respectively) paid to a company with a common director and former officer.
2. Consulting fees of $Nil (2021 - $Nil and $50,280) paid to a director of the Company; and
3. Professional fees of $Nil (2021 - $Nil and $22,500, respectively) paid to a company controlled by a former director and CFO of the Company.

As at September 30, 2022, included in loans and borrowings was $100,000 due to a former director of the Company under a promissory note dated September 30, 2014. Pursuant to the promissory note, the loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000.

As at September 30, 2022, included in accounts payable and accrued liabilities was $50,000 due to a director and former CEO of the Company for salaries.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Intangible assets acquired through acquisition

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. The assessment required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The Company estimated the value of its intangible assets based on the fair value of the equity instruments granted.

Estimated useful life of intangible assets

The useful life of intangible assets relates to the future performance of the assets and management's judgment of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of intangible assets

Judgment is required in determining whether intangible assets have indicators of impairment. Determining the amount of impairment of intangibles assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Fair value of investments and derivatives

The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible, the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available, the Company uses judgment to determine fair value.

The individual fair values attributed to the different components of a financing transaction such as investments in equity securities and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; and (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Convertible debentures

The identification of convertible debenture components, financial liability and equity, is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options, rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

Financial Instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("**FVTPL**"), at fair value through other comprehensive income or loss ("**FVOCI**") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit and loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. 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 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 profit or 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.

Convertible debentures

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of the liability and equity component.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The resulting debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders' equity.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in theprincipal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

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

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	Fair value method
Measured at fair value	
Investments (FVOCI)	Recent share transactions (Level 2) or implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Other assets	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and short-term loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains 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.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(1) Credit Risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalents balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions.

(2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at September 30, 2022, the Company had a working capital of $955,851 (2021 – $2,195,166). The Company is currently actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(3) Market risk

Market risk is the risk that changes in the market related factors, such as interest rates and market prices, which will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2022, the Company did not have any financial instruments subject to significant interest rate risk.

(b) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 6 to the Annual Financial Statements. As at September 30, 2022, the Company did not have any financial instruments subject to significant price risk.

Other Risks and Uncertainties

The Company's business is subject to other risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the common shares. Due to the nature of Cloud Nine's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Cloud Nine is subject to significant risks. For additional risk factors, please refer to the Company's AIF dated January 17, 2023.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	68,272,653
Warrants	21,998,065
Stock options	3,375,000
RSUs	1,512,500
	95,158,218

Controls and Procedures

In connection with National Instrument 52-109 ("NI 52-109"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and accompanying MD&A as at and for the year ended September 30, 2022 (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls overfinancial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Annual Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors further detailed under the heading "*Risk Factors*". Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward- looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- timelines;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's anticipated use of proceeds and business strategy;
- the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's future growth plans, including growth of its userbase;
- the Company's expectations with respect to advancement of its business, operations, products, and services, including its monetization strategies;
- the Company's ability to attract new customers and develop and maintain existing customers;
- the Company's competitive position;
- the COVID-19 pandemic and other global health pandemics and events that could substantially affect the Company's business; and
- anticipated trends and challenges in the Company's business.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to, risks related to: (i) the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market and regulatory conditions in which the Company operates; (iii) advancement of technology to support the Company's operations; (iv) customer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's products and operations, including privacy, cryptocurrency and cybersecurity laws and regulations; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company's plans and timeframe for completion of such plans.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this MD&A is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

SCHEDULE C

Unaudited interim consolidated financial statements for the three months ended December 31, 2022 and 2021

[see next page]

CLOUD NINE WEB3 TECHNOLOGIES INC.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three months ended December 31, 2022 and 2021
(In Canadian dollars)

Cloud Nine Web3 Technologies Inc.

Condensed Interim Consolidated Statements of Financial Position

As at December 31, 2022 and September 30, 2022
(Expressed in Canadian dollars)

	Note	December 31, 2022	September 30, 2022
		$	$
Assets			
Current			
Cash and cash equivalents		840,494	1,104,535
GST recoverable		6,336	6,909
Prepaids and other assets	3	144,721	214,462
		991,551	1,325,906
Intangible assets	4	3,699,349	3,799,705
Investment	5	893,000	903,000
Derivative	5	845,000	861,000
Capital assets		1,658	2,012
		5,439,007	5,565,717
		6,430,558	6,891,623
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		181,286	211,640
Loans and borrowings	6, 7(c)(i)	100,000	158,415
		281,286	370,055
Shareholders' equity			
Share capital	8	16,826,468	16,817,468
Reserves		2,672,370	2,737,346
Deficit		(13,349,566)	(13,033,246)
		6,149,272	6,521,568
		6,430,558	6,891,623

Nature of operations and going concern	1
Subsequent event	3, 11

Approved on behalf of the Board of Directors:

(Signed) "*Allan Larmour*"
Director

(Signed) "*Kant Trivedi*"
Director

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

Cloud Nine Web3 Technologies Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

Three months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

		Three months ended December 31,	
	Note	2022	2021
		$	$
Expenses			
Amortization and depreciation	4	147,106	151,999
Investor and public relations		37,049	39,720
Insurance		20,164	20,000
Marketing		3,352	14,000
Office and administration	7(b)	21,561	34,435
Professional fees		31,004	101,983
Regulatory and transfer agent fees		9,831	31,553
Salaries and benefits	7(a)	92,575	69,931
Share-based compensation	8(d), 8(e)	66,514	81,525
Loss before other items		(429,156)	(545,146)
Other items			
Finance costs		(1,942)	(13,359)
Foreign exchange loss		(1,712)	(478)
Government grant	6	20,000	-
Unrealized gain (loss) on derivative	5	(16,000)	1,225,000
		346	1,211,163
Net loss (income) for the period		(428,810)	666,017
Other comprehensive income			
Unrealized gain on investment	5	(10,000)	1,413,000
Comprehensive (loss) income for the period		(438,810)	2,079,017
Net loss per share - basic and diluted		(0.01)	0.03
Weighted average number of shares outstanding		68,252,001	49,244,340

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

Cloud Nine Web3 Technologies Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Three months ended December 31, 2022 and 2021
(Expressed in Canadian dollars)

	Share capital		Reserves						
	Number	Amount	Stock Options and RSUs	Warrants	Convertible debentures	Accumulated comprehensive income	Total reserves	Deficit	Total
	#	$	$		$		$	$	$
Balance, September 30, 2022	68,122,653	16,817,468	1,298,211	790,135	-	649,000	2,737,346	(13,033,246)	6,521,568
Vested RSUs	150,000	9,000	(9,000)	-	-	-	(9,000)		
Share-based compensation	-	-	66,514	-	-	-	66,514	-	66,514
Cancelled and forfeited options	-	-	(112,490)	-	-	-	(112,490)	112,490	-
Comprehensive loss for the period	-	-	-	-	-	(10,000)	(10,000)	(428,810)	(438,810)
Balance, December 31, 2022	68,272,653	16,826,468	1,243,235	790,135	-	639,000	2,672,370	(13,349,566)	6,149,272
Balance, September 30, 2021	62,595,653	16,425,140	154,319	122,412	31,063	-	307,794	(9,041,518)	7,691,416
Share-based compensation	-	-	81,525	-	-	-	81,525	-	81,525
Forfeited options	-	-	(223,844)	-	-	-	(223,844)	223,844	-
Comprehensive loss for the period	-	-	-	-	-	1,413,000	1,413,000	666,017	2,079,017
Balance, December 31, 2021	62,595,653	16,425,140	12,000	122,412	31,063	1,413,000	1,578,475	(8,151,657)	9,851,958

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

Cloud Nine Web3 Technologies Inc.

Condensed Interim Consolidated Statements of Cash Flows

Three months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

	Three months ended December 31,	
	2022	2021
	$	$
Operating activities		
Net (loss) income for the period	(428,810)	666,017
Items not affecting cash:		
Amortization and depreciation	147,105	151,999
Share-based compensation	66,514	81,525
Accrued interest and accretion expense	1,585	12,722
Foreign exchange loss	1,712	-
Unrealized loss (gain) on derivative	16,000	(1,225,000)
Government grant	(20,000)	-
Changes in non-cash working capital items:		
GST recoverable	573	(3,307)
Prepaids and other assets	69,741	79,000
Accounts payable and accrued liabilities	(41,281)	(73,283)
	(186,861)	(310,327)
Investing activities		
Intangible assets development costs	(37,180)	(29,778)
Investment and derivative	-	(250,000)
	(37,180)	(279,778)
Financing activities		
Repayment of loans and borrowings	(40,000)	-
	(40,000)	-
Decrease in cash and cash equivalents	(264,041)	(590,105)
Cash and cash equivalents, beginning of period	1,104,535	2,508,857
Cash and cash equivalents, end of period	840,494	1,918,752
Cash and cash equivalents consist of:		
Cash	40,494	1,118,752
GIC	800,000	800,000

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

1. Nature of operations and going concern

(a) Nature of operations

Cloud Nine Web3 Technologies Inc. (the "Company") was incorporated in the Province of British Columbia on April 14, 2015, under the Business Corporations Act of British Columbia.

The Company is a development stage technology issuer focused on developing and offering peer-to-peer or decentralized infrastructure products and related content including its proprietary Limitless VPN (Virtual Private Network).

The common shares of the Company are listed on the Canadian Securities Exchange (the "Exchange") under the symbol "CNI". The Company's registered office is located at 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1 and its head office is located at 610 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

(b) Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations 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 incurred losses and negative operating cash flows since inception. During the three months ended December 31, 2022, the Company incurred a net loss of $428,810 (2021 – net income of $666,017) and as of December 31, 2022, had an accumulated deficit of $13,349,566 (September 30, 2022 - $13,033,246). The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the availability of equity and debt financings. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional adequate financing. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

Basis of presentation and consolidation

These condensed interim consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements should be read in conjunction with the Company's annual financial statements as at and for the year ended September 30, 2022 (the "Annual Financial Statements"). The accounting policies and critical estimates applied by the Company in the Financial Statements are the same as those applied in the Annual Financial Statements. The Financial Statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the most recent Annual Financial Statements.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

Basis of presentation and consolidation (continued)

The Financial Statements include the accounts of the Company and its wholly-owned subsidiary, BHR Capital Corp. ("BHR").

The Financial Statements were approved and authorized for issue by the Board of Directors of the Company on February 22, 2023.

3. Prepaids and other asset

As at December 31, 2022, included in other assets was a promissory note receivable (the "Note") of $105,000 (September 30, 2022 - $150,000). The Note was unsecured, bore interest at 15% per annum, compounded monthly, and matured on March 15, 2022. In July 2022, pursuant to a settlement agreement, the Note and legal fees of $15,000 were to be repaid by no later than October 15, 2022. The Note was fully settled subsequent to December 31, 2022.

4. Intangible assets

The changes in the carrying amount of intangible assets are as follows:

	IP Assets	Digital Curriculum	Total
	$	$	$
Cost			
Balance, September 30, 2021	5,231,500	402,972	5,634,472
Development costs	174,609	-	174,609
Balance, September 30, 2022	5,406,109	402,972	5,809,081
Development costs	46,397	-	46,397
Balance, December 31, 2022	5,452,506	402,972	5,855,478
Accumulated amortization			
Balance, September 30, 2021	-	339,849	339,849
Amortization	534,785	47,096	581,881
Impairment	1,087,646	-	1,087,646
Balance, September 30, 2022	1,622,431	386,945	2,009,376
Amortization	137,300	9,453	146,753
Balance, December 31, 2022	1,759,731	396,398	2,156,129
Net book value			
September 30, 2022	3,783,678	16,027	3,799,705
December 31, 2022	3,692,775	6,574	3,699,349

(Expressed in Canadian dollars)

5. Investment and derivative

The Company entered into a share purchase agreement dated June 28, 2021, as amended, with Next Decentrum Technologies Inc. ("Next Decentrum"), a private technology corporation focused on iconic art and culture non-fungible tokens ("NFTs") and emerging technologies pursuant to which the Company acquired an aggregate of 2,673,792 units of Next Decentrum at a price of $0.187 per unit for a total investment of $500,000. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.2805 per share expiring December 31, 2026.

The share component of the investment is classified as equity investment at fair value through other comprehensive income (loss) (FVOCI). Based on Next Decentrum's closing price of $0.34 (US$0.246) from their last financing, the 2,673,792 shares had a fair value of approximately $893,000 as at December 31, 2022 (September 30, 2022 - $903,000). For the three months ended December 31, 2022, the Company recognized an unrealized loss on the fair value of the investment of $10,000 in OCI (2021 – unrealized gain of $1,413,000).

The warrant component of the investment is classified as a derivative at fair value through profit or loss (FVTPL). As at December 31, 2022, the fair value of the 2,673,792 warrants of $845,000 (September 30, 2022 - $861,000) was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: risk free rate of 3.41%; dividend yield of 0%; stock price volatility of 186%; and expected life of 4 years. For the three months ended December 31, 2022, the Company recognized an unrealized loss on the fair value of the derivative of $16,000 (2021 - unrealized gain of $1,225,000).

6. Loans and borrowings

The Company secured a loan in the aggregate amount of $60,000 from the Government of Canada under the Canada Emergency Business Account ("CEBA") COVID -19 relief loan. The loan carries no interest and matures on December 31, 2023. Under the terms of the loan, if the Company repays $40,000 on or before December 31, 2023, the remaining amount of $20,000 will be forgiven. During the three months ended December 31, 2022, the Company repaid $40,000 and the forgiven amount of $20,000 was classified as a government grant.

7. Related party transactions

Key management compensation for the three months ended December 31, 2022 and 2021 consisted of:

(a) Compensation of key management personnel

	Three months ended December 31,	
	2022	2021
	$	$
CEO management fee	30,000	-
CFO salary	58,575	41,250
Share-based compensation (1)	20,098	55,181

(1) Share-based compensation represents the fair value of options and RSUs vested to directors and officers of the Company.

(Expressed in Canadian dollars)

7. Related party transactions (continued)

(b) Related party transactions

	Three months ended December 31, 2022	2021
	$	$
Office and administration [1]	-	15,000

(1) Shared office expenses paid to a company with common directors and officers.

(c) Related party balances

The following related party amounts were included in (i) loans and borrowings and (ii) accounts payable and accrued liabilities as at December 31, 2022 and September 30, 2022:

	December 31, 2022	September 30, 2022
	$	$
(i) Loan from a former director [1]	100,000	100,000
(ii) Due to directors and an officer [2]	50,000	50,000

(1) Pursuant to a promissory note dated September 30, 2014, the loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000.

(2) Amount due is unsecured, non-interest-bearing and without fixed terms of repayment.

8. Share capital

(a) Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued and outstanding

As at December 31, 2022, the Company's outstanding share capital consisted of 68,272,653 (September 30, 2022 – 68,122,653) issued and fully paid common shares.

During the three months ended December 31, 2022, an aggregate of 150,000 common shares were issued for vested RSUs. $9,000 was reclassified from reserves to share capital on the issuance of these shares.

(Expressed in Canadian dollars)

8. Share capital (continued)

(c) Share purchase warrants

Each whole warrant entitles the holder to purchase one common share of the Company. As at December 31, 2022, the weighted average contractual life of the warrants was 0.98 years (2021 - 1.40 years).

	Warrants	Weighted average exercise price
	#	$
Balance, September 30, 2021	19,322,861	0.29
Issued	4,000,000	0.07
Exercised	(1,277,000)	0.07
Expired	(47,796)	0.75
Balance, September 30, 2022 and December 31, 2022	21,998,065	0.15

The following table summarizes the warrants outstanding as at December 31, 2022:

Exercise Price	Expiry date	Warrants
$		#
0.40[(1)]	May 31, 2023[(2)]	558,078
0.40[(4)]	December 31, 2023[(3)(4)]	4,723,654
0.07	February 18, 2023 – January 18, 2024	16,716,333
		21,998,065

(1) On January 14, 2022, the Company reduced the exercise price of these warrants from $1.75 to $0.40 per share. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $58,488 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 1.13%; dividend yield of 0%; stock price volatility of 129.82%; and an expected life of 0.32 years.

(2) On April 26, 2022, the expiry date of these warrants was extended to May 31, 2023. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $42,295, on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 2.43%; dividend yield of 0%; stock price volatility of 119.18%; and an expected life of 1.10 years.

(3) On January 14, 2022, the Company extended the expiry date of these warrants from February 2022 to August 31, 2022. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $337,312 on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 1.13%; dividend yield of 0%; stock price volatility of 122.22%; and an expected life of 0.63 years.

(Expressed in Canadian dollars)

8. Share capital (continued)

(c) Share purchase warrants (continued)

(4) On June 27, 2022, the Company reduced the exercise price of these warrants from $0.75 to $0.40 per share and extended the expiry date of these warrants to December 31, 2023. During the year ended September 30, 2022, the Company recorded a fair value incremental change of $252,682, on the modification of the warrants. The value of the warrant modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 3.16%; dividend yield of 0%; stock price volatility of 167.21%; and an expected life of 1.51 years.

(d) Stock options

In 2021, the Company adopted an Omnibus Equity Incentive Plan ("2021 Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, equity-based incentive awards in the form of stock options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"). The 2021 Plan is a rolling plan which provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the 2021 Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time.

A summary of the status of the options outstanding is as follows:

	Stock options	Weighted average exercise price
	#	$
Balance, September 30, 2021	610,000	0.71
Granted	3,800,000	0.10
Cancelled and forfeited(1)	(935,000)	0.47
Balance, September 30, 2022	3,475,000	0.10
Granted	250,000	0.06
Forfeited(2)	(450,000)	0.14
Balance, December 31, 2022	3,275,000	0.09

(1) During the year ended September 30, 2022, the Company cancelled 240,000 options and recorded share-based compensation of $81,525 on the accelerated vesting of cancelled options. The incremental fair value of the cancelled options was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of cancellation: risk free rate of 0.45%; dividend yield of 0%; stock price volatility of 196%; and an expected life of 3 years. An aggregate of $225,907 was transferred from reserves to deficit for the cancelled and forfeited options.

(2) During the three months ended December 31, 2022, an aggregate fair value of $112,490 was transferred from reserves to deficit on forfeited options.

(Expressed in Canadian dollars)

8. Share capital (continued)

(d) Stock options (continued)

The following table summarizes the options outstanding and exercisable as at December 31, 2022:

Exercise Price	Expiry date	Options outstanding	Options exercisable
$		#	#
0.12	October 25, 2024	75,000	75,000
0.095[1]	February 14, 2027	2,500,000	2,500,000
0.095	July 20, 2027	200,000	200,000
0.095	August 30, 2027	150,000	150,000
0.095	September 21, 2027	100,000	100,000
0.06	November 30, 2027	250,000	250,000
		3,275,000	3,275,000

(1) During the year ended September 30, 2022, the Company reduced the exercise price of these options from $0.42 to $0.095 per share. As a result, during the year ended September 30, 2022, the Company recorded a fair value incremental change of $28,504 on the modification of the options. The value of the options modification was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of modification: risk free rate of 3.64%; dividend yield of 0%; stock price volatility of 153.87%; and an expected life of 2.46 years.

As at December 31, 2022, the weighted average contractual life of the stock options was 4.20 years (September 30, 2022 – 4.27 years).

During the three months ended December 31, 2022, the Company recorded share-based compensation of $66,514 (2021 – $81,525) for stock options granted and vested during the period. The fair value of stock options granted was determined using the Black-Scholes option pricing model based on the following weighted average assumptions at the time of grant:

	Three months ended December 31,	
	2022	2021
Risk-free annual interest rate	3.73%	0.45%
Expected annual dividend yield	0%	0%
Expected stock price volatility	162.29%	196%
Expected life of options (years)	3	3
Forfeiture rate	15%	15%

The weighted average fair value of stock options granted during the three months ended December 31, 2022 was $0.04 (2021 - $0.36) per option.

(Expressed in Canadian dollars)

8. Share capital (continued)

(e) Restricted share units ("RSUs")

Under the terms of the 2021 Plan, RSUs may be awarded to directors, officers, employees and consultants of the Company which will be released as common shares at the end of each vesting period. Each RSU gives the participant the right to receive one common share of the Company.

A summary of the status of the RSUs outstanding is as follows:

	RSUs	Weighted average issue price
	#	$
Balance, September 30, 2021	-	-
Granted	2,100,000	0.39
Released	(250,000)	0.41
Cancelled	(187,500)	0.41
Balance, September 30, 2022	1,662,500	0.39
Granted	250,000	0.06
Released	(150,000)	0.41
Cancelled	(250,000)	0.41
Balance, December 31, 2022	1,512,500	0.33

The following table summarizes the RSUs outstanding and released as at December 31, 2022:

Issue Price	Expiry date	RSUs outstanding
$		#
0.41	February 14, 2024	1,162,500
0.095	July 20, 2024	50,000
0.095	August 30, 2024	50,000
0.06	November 30, 2022	250,000
		1,512,500

During the three months ended December 31, 2022, the Company recorded share-based compensation of $55,692 (2021 - $Nil) for RSUs granted and vested during the period. The weighted average fair value of RSUs granted during the three months ended December 31, 2022 was $0.06 per share (2021 - $Nil). The weighted average remaining contractual life of RSUs is 1.29 years.

9. Fair value of financial instruments

At December 31, 2022, the Company's financial instruments consist of cash and cash equivalents, other assets, accounts payable and accrued liabilities and loans and borrowings. The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term maturity.

The fair value of the Company's investments and derivative approximates their carrying values measured based on level 2 and level 3 of the fair value hierarchy, respectively.

10. Segment disclosure

The Company has one operating segment, being the development and marketing of its technology platforms, and its operations and long-term assets are located in North America.

11. Subsequent event

Subsequent to December 31, 2022, the Company extended the expiry date of 16,716,333 warrants exercisable at $0.07 per share, expiring between February 18, 2023 to January 18, 2024, to January 31, 2024.

SCHEDULE D

Management's discussion and analysis for the three months ended December 31, 2022

[see next page]

CLOUD NINE WEB3 TECHNOLOGIES INC.

Management's Discussion and Analysis

For the three months ended December 31, 2022

Management's Discussion & Analysis

This Management's Discussion and Analysis (the "MD&A") of the financial condition and results of operations of Cloud Nine Web3 Technologies Inc. (the "Company" or "Cloud Nine") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended December 31, 2022.

The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto (the "**Interim Financial Statements**") of Cloud Nine Web3 Technologies Inc. ("**Cloud Nine**" or the "**Company**") for the three months ended December 31, 2022, which were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"), the annual audited financial statements for the year ended September 30, 2022, and the notes related thereto (the "**Annual Financial Statements**"), which were in accordance with IFRS, the annual MD&A and the Annual Information Form ("AIF").

All information in the MD&A is as of February 23, 2023, unless otherwise indicated. The Interim Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on February 23, 2023.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements at the end of this MD&A. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

The Interim Financial Statements, Annual Financial Statements, MD&As, AIF and other information, including news releases and other continuous disclosure documents are available on SEDAR at www.sedar.com or on the Company's website at www.cloud9web3.com.

Company Overview

The Company is a technology enabled cryptocurrency mining issuer focused on developing and offering peer-to-peer or decentralized infrastructure products. The Company's current sole product is the Limitless VPN (Virtual Private Network) which is currently functional and offered to the public without charge.

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. The Company is in the pre-revenue phase as business efforts to date have focused on growing the Company's userbase to generate a sufficient Hash Rate for cryptocurrency mining operations. The Company is not acting and will not act as an exchange, is not offering and will not offer coins or tokens, nor is it acting nor will it act as a platform that facilitates the trading of crypto assets that are securities or instruments or contracts involving crypto assets. As of the date hereof, the Company had 31,200 active registered users of the Company's Limitless VPN. The Company considers active registered users as those persons who provide the Company will full time access to their hardware at a sufficient Hash Rate to generate operations. Those users who do not provide full time access or who have outdated or legacy hardware are not considered active registered users by the Company.

The Company currently offers its product without charge. Instead, users who wish to use its Limitless VPN product are required to agree to the Company's terms of use and privacy policies. The Company intends to monetize its Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. Future monetization through cryptocurrency mining may occur directly or through third parties.

The decentralized web is a concept that proposes the reorganization of the internet in order to remove centralized data hosting services by instead using peer-to-peer infrastructure. Currently, a relatively small number of corporations control a disproportionate amount of online functioning, including control over personal data and activities. In a decentralized ecosystem, proponents believe that content creators and users will have more power, control and revenue channels. While the concept of the decentralized web is in its infancy, proponents like the Company are pursuing their business models by offering peer-to-peer products.

Product

The Limitless VPN is a proprietary product owned by the Company and offered to users which relates to the usage of network infrastructure to perform distributed computational processing and to provide the user secure and encrypted connection to the internet. The initial version of the Limitless VPN (www.limitlessvpn.com) was released and available to the public on September 23, 2021.

The Limitless VPN consists of a novel process for utilizing the Hash Rate that computers and mobile devices have to perform distributed computational processing within a network infrastructure while providing secure and encrypted access to the internet. When a user connects to a network infrastructure, which can be implemented either in hardware or software form, a process is used to evaluate the user's unused computational power. One potential embodiment of a hardware - implemented network infrastructure is a connection to a carrier or internet service provider's physical network.

The Company's software intelligently monitors user's computers to check on resource availability and ensure the Company's program never interferes with the main user's day to day activities. As a privacy first company, the Company currently manually checks and validates all sign ups, and is developing a secure algorithm to automate and accelerate the process.

The Company continues to test its crypto-mining capabilities with a small group of users (less than 1,000) to ensure proper testing. The Company has not commenced cryptocurrency mining operations but intends to do so shortly. This user group is to ensure operational stability and troubleshoot tech support issues with our third party monetization relationship with Argent Crypto, an arm's length party.

As the Company expands, it intends to add additional personnel. However, the Company has determined it does not need to do so at this time. Users are not rewarded in crypto, but the Company plans to develop a loyalty and rewards program for power to users that provide above average hash rate.

Limitless VPN Security

The Limitless VPN currently uses military grade Advanced Encryption Standard (AES) 256-bit encryption protocols and primitives to ensure secure transmission of information across the network. The Company utilizes several protocols within its framework to facilitate secure transmission. Anything stored via decentralized storage among users of the Limitless VPN is secure as it is data is broken down into 'parcels' and stored in multiple locations across the network. Nothing being stored on the user's device can be accessed, as only a fraction of each file is stored on each system. Unpackaging and repackaging is handled via a modified CD erasure coding protocol. Furthermore, personal information and other information of the owner of the computer remains completely isolated from VPN access in the same way that occurs when one connects to the internet using industry standard practices of an internet service provider (in this case, as well, the user's system files remain private). The Limitless VPN adds layers of security and protection against outside data breach attacks for systems who are not otherwise running additional protection software.

Current Third-Party Agreements

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. Cloud Nine has entered into the Argent Services Agreement with Argent Crypto, an arm's length third party, to operate as both a payment processor and temporary holder of crypto assets on Cloud Nine's behalf. For any crypto assets held by Argent Crypto on the Company's behalf, Argent Crypto will temporarily hold such assets in an exchange wallet hosted by Payward Inc., a financial services company that is arm's length to the Company that does business as Kraken. To the Company's knowledge, Argent Crypto and Kraken are arm's length parties to each other. Pursuant to the terms of the Argent Services Agreement, Argent Crypto also agreed to access and utilize the Company's Hash Rate to mine digital assets, collect digital assets from such activity and convert such assets into fiat currency on behalf of the Company. Argent Crypto has not utilized the Company's Hash Rate for any mining activities to date.

When mining operations are initiated by the Company, any crypto assets collected by Argent Crypto from mining activities will be temporarily held in a Kraken exchange wallet before being converted to fiat currency by Argent Crypto on the first of every month. The fiat currency would then be split between Cloud Nine and Argent Crypto at a ratio of 93:7 in favour of Cloud Nine. The result is that Argent Crypto will perform all mining, holding and conversion activities associated with any crypto assets before transferring profits in the form of fiat currency to Cloud Nine. Cloud Nine does not currently mine or hold any crypto assets. The Company has no independent agreement or contract with Kraken, and all services provided by Kraken are facilitated and authorized through Argent Crypto's contractual arrangement with Kraken.

Services Provided to the Company by Custodians

Argent Crypto can operate as both a payment processor and temporary holder of crypto assets for Cloud Nine. Argent Crypto may also access and utilize the Hash Rate to mine crypto assets pursuant to the terms of the Argent Services Agreement.

Kraken provides exchange wallet services to Argent Crypto for the period of time between collection of crypto assets and conversion to fiat currency. Argent Crypto uses the Kraken exchange wallet solely for the purpose of temporarily holding crypto assets collected from mining activities and does not use the platform to trade, invest, or purchase crypto assets.

Newton provides an exchange wallet in which Cloud Nine may temporarily hold crypto assets received in exchange for renting out Cloud Nine's Hash Rate on the NiceHash platform. Cloud Nine will convert any crypto assets held in the Newton Wallet to fiat currency on the first day of each calendar month.

NiceHash provides a marketplace in which users can buy and sell hash power necessary for crypto mining activities. Cloud Nine may offer its Hash Rate for rent on the NiceHash platform and receive compensation from NiceHash in the form of crypto assets paid by other NiceHash users for use of the Hash Rate. NiceHash also provides an online wallet to hold crypto assets prior to transfer and conversion to fiat currency in the Newton Wallet.

Regulatory Frameworks Applicable to Custodians

Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based crypto firm, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[1] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[2]

Newton is not a Canadian financial institution as defined in NI 45-106. Newton is incorporated in Canada under the federal *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and is subject to Canadian securities regulation. Newton has not provided a pre-registration undertaking pursuant to the Canadian Securities Administrators' announcement on August 15, 2022, but has been granted relief to distribute crypto contracts and operate a platform in Canada that facilitates the buying, selling and holding of crypto assets while seeking registration as an investment dealer and membership with IIROC.[3] Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[4]

NiceHash is not a Canadian financial institution as defined in NI 45-106. NiceHash is incorporated under the *BVI Business Companies Act* of the British Virgin Islands. The British Virgin Islands does not currently have a specific regulatory framework for virtual assets or cryptocurrencies, although it is expected that the jurisdiction will in time develop a regulatory framework tailored specifically for virtual assets.[5] In the meantime, the BVI FSC has issued the FSC Guidance outlining which types of crypto assets and activities are subject to the regulatory remit of the BVI FSC and other pertinent securities regulation.[6] A virtual asset or other digital property which is only a medium of exchange with no benefits or rights other than ownership of the coin would not be considered an investment and the FSC Guidance confirms that such assets will generally fall outside the scope of regulation.[7] The Company's proposed use of the NiceHash platform relates only to activities involving virtual assets that are used as a medium of exchange and do not fall within the regulatory remit of the BVI FSC or related securities legislation.

[1] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[2] "Frequently asked questions", https://www.kraken.com/bank.
[3] Ontario Securities Commission, *supra* note 1.
[4] Newton Relationship Disclosure, *supra* note 6.
[5] Padarin, Michael and Daniel Moore, "Virtual assets regulation in BVI: Challenges and opportunities", Carey Olsen Offshore Law Firm, https://www.careyolsen.com/articles/virtual-assets-regulation-bvi-challenges-and-opportunities.
[6] BVI FSC Guidance on Regulation of Virtual Assets in the Virgin Islands, https://www.bvifsc.vg/sites/default/files/guidance_on_regulation_of_virtual_assets_in_the_virgin_islands_bvi_final.pdf.
[7] Padarin, Michael and Daniel Moore, *supra* note 2.

Cryptocurrencies

Once cryptocurrency mining operations commence, and if the Company maintains its service agreement with Argent Crypto, the Hash Rate will likely be used to mine the cryptocurrency Monero. The Company is not aware of any risk of decreased rewards for mining Monero in particular. The amount of revenue Cloud Nine is able to receive from mining operations will depend on the market demand for Monero. Unfavourable and unforeseen market conditions may cause decreased rewards for mining any particular crypto asset, including Monero. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies are not indicative of their future price performance.

If the Company opts to provide its Hash Rate for rent on the NiceHash platform, Cloud Nine anticipates that the Hash Rate will be used by NiceHash users to mine Monero. As stated above, the Company is not aware of any risk of decreased rewards for mining Monero in particular. Cloud Nine will be paid in USD Coin by NiceHash in exchange for providing the Hash Rate to NiceHash users to mine Monero. USD Coin is a stablecoin that is pegged to the US Dollar and can be exchanged for US Dollars at a 1:1 ratio. USD Coin is also a fully-reserved stablecoin, meaning every USD Coin on the internet is 100% backed by cash and short-dated US treasuries held in the custody of US financial institutions, including BlackRock and BNY Mellon. USD Coin was developed by Circle Internet Financial, LLC ("**Circle**"), which is a peer-to-peer payments technology company licensed as a Money Transmitter by the New York State Department of Financial Institutions. Circle's financial statements are audited annually and subject to review by the US SEC.[8] Given that it is pegged to the US Dollar, USD Coin's value is tied to the performance of the US Dollar and not to the intrinsic value of the coin itself. This means USD Coin is less vulnerable to fluctuations in value due to speculation in cryptocurrency markets. However, USD Coin will still be susceptible to normal currency fluctuations and all factors that regularly affect fluctuations in fiat currencies. These may include global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. USD Coin will also be at risk of theft or loss due to business failure or security breaches of the custodial service or trading platform where the USD Coin is held. The amount of USD Coin received from NiceHash in exchange for renting the Hash Rate through NiceHash will also depend on the number of NiceHash users who use the Hash Rate to mine Monero. A decrease in the value of Monero may reduce the demand for Monero, which may subsequently reduce the volume of NiceHash users who are willing to use the Hash Rate to mine Monero. This could ultimately reduce the amount of USD Coin that Cloud Nine receives from NiceHash. The Company has not hedged the conversion of any of its cryptocurrency revenue or future mining of cryptocurrencies.

[8] USD Coin Home Page, https://www.circle.com/en/usdc#:~:text=USDC%20is%20a%20fully%2Dreserved,equivalence%20to%20the%20U.S.%20dollar.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three months ended	Dec 2022	Sep 2022[1]	Jun 2022[2]	Mar 2022[3]	Dec 2021[4]	Sep 2021	Jun 2021[5]	Mar 2021[5]
	$	$	$	$	$	$	$	$
Total expenses	429,156	659,773	476,665	1,448,826	545,146	646,177	1,592,656	1,870,309
Net (loss) income	(428,810)	(1,631,921)	(1,106,440)	(1,477,568)	666,017	(502,749)	(1,613,845)	(1,839,406)
Total comprehensive (loss) income	(438,810)	(1,577,921)	(1,924,440)	(1,477,568)	2,079,017	(502,749)	(1,613,845)	(1,839,406)
Income (loss) per share – basic and diluted	(0.01)	(0.03)	(0.02)	(0.02)	0.04	(0.01)	(0.03)	(0.05)

(1) The increase in net loss during the quarter was primarily attributable to an impairment charge to intangible assets related to the Limitless VPN of $1,087,646.

(2) Net loss during the quarter was largely attributable to an unrealized fair value loss of $629,000 on derivative related to the warrant component of the investment in Next Decentrum. The increase in comprehensive loss was primarily attributable to the unrealized fair value loss of $818,000 on the share component of the investment in Next Decentrum.

(3) Higher expenditures and net loss during the quarter were primarily attributable to stock-based compensation of $1,009,870.

(4) Net income during the quarter was primarily attributable to the unrealized gain on the fair value of derivative of $1,225,000 related to the warrant component of the investment in Next Decentrum. Comprehensive income during the quarter was mainly due to the unrealized gain on the fair value of the shares of Next Decentrum of $1,413,000.

(5) Higher expenditures and net loss due to higher advertising and promotion, consulting, investor relations and marketing costs of $1,523,819 and $1,449,841 during the March 2021 and June 2021 quarters, respectively, as well as other expenditures due to increased corporate activity related to the Company's corporate reorganization and the Limitless VPN acquisition.

Results of Operations

Cloud Nine currently offers the Limitless VPN to users without charge. The Company is currently focusing on growing its userbase through marketing and offering additional content, and once its userbase increases to a sufficient number, the Company intends to monetize the Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. As of the date of this MD&A, the Company had 55,177 registered users, of which 31,200 are active users. Please see "Product" above.

The following selected financial information for the three months ended December 31, 2022 (Q1 2023) and 2021 (Q1 2022) is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with IFRS.

	Q1 2023	Q1 2022
	$	$
Expenses:		
Professional fees	31,004	101,983
Regulatory and transfer agent fees	9,831	31,553
Salaries and benefits	92,575	69,931
Share-based compensation	66,514	81,525
Other Item:		
Unrealized loss (gain) on derivative	16,000	(1,225,000)
OCI:		
Unrealized loss (gain) on financial asset	10,000	(1,413,000)
Net (loss) income	(428,810)	666,017
Comprehensive (loss) income	(438,810)	2,079,017
Net (loss) income per share	(0.01)	0.03

Q1 2023 compared to Q1 2022

During Q1 2023, the Company has not generated any revenues from operations and recorded a net loss of $428,810 compared to a net income of $666,017 for Q1 2022. The overall increase in net loss was mainly attributable to the unrealized gain on derivative of $1,225,000 recorded in Q1 2022 related to the Next Decentrum investment in shares. Comprehensive loss increased in Q1 2023 as a result of an unrealized gain on investment of $1,413,000 recorded in Q1 2022. Unrealized fair value losses on shares and derivatives in Q1 2023 were $10,000 and $16,000, respectively.

Expenses

The decrease in professional fees in Q1 2023 was largely attributable to legal fees incurred in Q1 2022 related to the Base Shelf Prospectus and other corporate matters. The Prospectus lapsed in February 2022, and the Company decided not to file another Prospectus at that time.

The decrease in regulatory and transfer agent fees in Q1 2023 was mainly due to depository trust company (DTC) eligibility fees paid in Q1 2022 in connection with the Company's OTCQB uplisting. Regulatory fees in Q1 2023 related to monthly listing fees to the CSE and OTCQB.

Salaries and benefits increased by $22,644 during Q1 2023 due to the hiring of a new CEO and VP of Operations in February 2022.

Share-based compensation during Q1 2023 and 2022 related to stock options granted and vested during the periods.

Other items

During Q1 2023, the Company recorded an unrealized loss on the fair value of derivative of $16,000 (Q1 2022 – unrealized gain of $1,225,000) related to the fair value change of the warrant component of the investment in Next Decentrum. In addition, the Company recognized an unrealized fair value loss of $10,000 (Q1 2022 – unrealized gain of $1,413,000) on the share component of the investment in OCI.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through debt and equity financings.

As of December 31, 2022, the Company had working capital of $710,265 (September 30, 2022 - $955,851) and cash and cash equivalents of $840,494 (September 30, 2022 - $1,104,535). The decrease in working capital of $245,586 in Q1 2023 was attributable to the funding of the Company's operating expenses and a repayment of loan. Net cash on hand decreased by $264,041 as at December 31, 2022 due to cash used in operating activities of $186,861, investing activities of $37,180 and financing activities of $40,000.

The Company does not expect to require additional funds to meet its short-term requirements and to complete its objectives and expansion plans for the next 12 months. If necessary, the Company expects it will fund any additional capital requirements beyond the next 12 months from future financing activities. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all.

As of the date of the MD&A, the Company had working capital of approximately $690,000 available for the principal purposes of achieving its business objectives and milestones for the next 12 month period, general and administrative expenses and unallocated working capital. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all. However, it is anticipated that the available funds will be sufficient to satisfy the Company's objectives over the next 12 months. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Cash Flow Highlights

The table below summarizes the Company's cash flows for three months ended December 31, 2022 and 2021:

	2022	2021
	$	$
Cash used in operating activities	186,861	310,327
Cash used in investing activities	37,180	29,778
Cash provided by financing activities	40,000	-
Decrease in cash	264,041	340,105

Cash flow used for operations decreased in Q1 2023 due to higher expenditures in Q1 2022 particularly professional and regulatory fees in connection with the Company's Prospectus and other filings.

Investing activities during the Q1 2023 and Q1 2022 were mainly attributable to the Limitless VPN development costs.

In Q1 2023, the Company repaid $40,000 of the outstanding $60,000 CEBA loan with the remaining forgiven amount of $20,000 classified as a government grant.

Contractual Obligations and Commitments

A summary of the Company's contractual obligations and commitments, which outlines the year the payments are due are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	181,286	181,286	-	-
Loans and borrowings	100,000	100,000	-	-
	281,286	281,286	-	-

Management is committed to raising additional capital to meet its financial obligations and commitments, fund its operations, growth initiatives and capital expenditures. The Company believes that its current capital resources will be sufficient to meet all of its immediate obligations for the 12 months.

	December 31, 2022	September 30, 2022
	$	$
Cash and cash equivalents	840,494	1,104,535
Working capital	710,265	955,851
Current liabilities	281,286	370,055
Shareholders' equity	6,149,272	6,521,568

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions andrisk characteristics of the underlying assets. The capital resources used for operations were mainly from loans and borrowings and proceeds from the issuance of common shares.

There are no third party working capital requirements, covenants or other similar restrictions. There were no capital expenditure commitments as at the reporting date or as of the date of this MDA.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at December 31, 2022, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

During Q1 2023 and 2022, compensation to key management personnel included a salary to the CFO of $58,575 (Q1 2022 - $44,123), salary to the CEO of $30,000 (Q1 2022 - $Nil) and share-based compensation to the CFO $4,524 (Q1 2022 - $9,961) and to the CEO of $11,130 (Q1 2022 - $Nil).

As at December 31, 2022, included in loans and borrowings was $100,000 due to a former director of the Company under a promissory note dated September 30, 2014. Pursuant to the promissory note, the loan is unsecured, non-interest bearing and was due on December 1, 2016.

As at December 31, 2022, included in accounts payable and accrued liabilities was $50,000 due to a director and former CEO of the Company for salaries.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are described in the Annual Financial Statements.

New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

Financial Instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("**FVTPL**"), at fair value through other comprehensive income or loss ("**FVOCI**") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit and loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. 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 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 profit or 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.

Convertible debentures

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of the liability and equity component.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The resulting debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders' equity.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in theprincipal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

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

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	Fair value method
Measured at fair value	
Investments (FVOCI)	Recent share transactions (Level 2) or implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Other assets	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and short-term loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains 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.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(1) Credit Risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalents balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions.

(2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at December 31, 2022, the Company had a working capital of $710,265 (September 30, 2022 - $955,851). The Company is currently actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditure mainly consists of the development of its Limitless VPN. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(3) Market Risk

Market risk is the risk that changes in the market related factors, such as interest rates and market prices, which will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at December 31, 2022, the Company did not have any financial instruments subject to significant interest rate risk.

(b) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 5 to the Interim Financial Statements. As at December 31, 2022, the Company did not have any financial instruments subject to significant price risk.

Other Risks and Uncertainties

The Company's business is subject to other risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the common shares. Due to the nature of Cloud Nine's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Cloud Nine is subject to significant risks. For additional risk factors, please refer to the Company's AIF dated January 17, 2023.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	68,272,653
Warrants	21,998,065
Stock options	3,275,000
RSUs	1,512,500
	95,058,218

Controls and Procedures

In connection with National Instrument 52-109 ("NI 52-109"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and accompanying MD&A as at and for the three months ended December 31, 2022 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls overfinancial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Interim Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors further detailed under the heading "*Risk Factors*". Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward- looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- timelines;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's anticipated use of proceeds and business strategy;
- the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's future growth plans, including growth of its userbase;
- the Company's expectations with respect to advancement of its business, operations, products, and services, including its monetization strategies;
- the Company's ability to attract new customers and develop and maintain existing customers;

- the Company's competitive position;
- the COVID-19 pandemic and other global health pandemics and events that could substantially affect the Company’s business; and
- anticipated trends and challenges in the Company's business.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading “Risk Factors”, including, but not limited to, risks related to: (i) the Company’s ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market and regulatory conditions in which the Company operates; (iii) advancement of technology to support the Company’s operations; (iv) customer interest in the Company’s products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company’s products and operations, including privacy, cryptocurrency and cybersecurity laws and regulations; (viii) the timely receipt of any required regulatory approvals; (ix) the Company’s ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company’s ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company’s plans and timeframe for completion of such plans.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this MD&A is not exhaustive. Accordingly, readers are cautioned that the Company’s actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management’s expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CERTIFICATE OF ANONYMOUS INTELLIGENCE COMPANY INC.

Pursuant to a resolution duly passed by its Board of Directors, Anonymous Intelligence Company Inc., hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Anonymous Intelligence Company Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, this 12th day of May, 2023.

DocuSigned by:
B49F4CAF758143D...
Lucas Russell, Chief Executive Officer

DocuSigned by:
Nilda Rivera
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Nilda Rivera, Chief Financial Officer

DocuSigned by:
Allan Lamour
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Allan Larmour, Director

DocuSigned by:
John Bean
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John Bean, Director

DocuSigned by:
Kant Trevidi
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Kant Trivedi, Director

DocuSigned by:
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Anthony Zelen, Director