



ANONYMOUS INTELLIGENCE COMPANY INC.

(Formerly Cloud Nine Web3 Technologies Inc.)

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and nine months ended June 30, 2023 and 2022
(In Canadian dollars)

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2023 and September 30, 2022

(In Canadian dollars)

	Notes	June 30, 2023	September 30, 2022
		\$	\$
Assets			
Current			
Cash and cash equivalents		454,736	1,104,535
GST recoverable		25,799	6,909
Prepays and other assets	3	193,097	214,462
		673,632	1,325,906
Intangible assets	4	3,551,176	3,799,705
Investment	5	873,000	903,000
Derivative	5	800,000	861,000
Capital assets		954	2,012
		5,898,762	6,891,623
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7(c)(ii)	139,434	211,640
Loans and borrowings	6, 7(c)(i)	100,000	158,415
		239,434	370,055
Shareholders' equity			
Share capital	8	17,698,059	16,817,468
Reserves		3,346,054	2,737,346
Deficit		(15,384,785)	(13,033,246)
		5,659,328	6,521,568
		5,898,762	6,891,623
Nature of operations and going concern	1		
Subsequent events	11		

Approved on behalf of the Board of Directors:

(Signed) "John Bean"

Director

(Signed) "Kant Trivedi"

Director

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Condensed Interim Consolidated Statements of Comprehensive Loss

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

	Notes	Three months ended June 30,		Nine months ended June 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Amortization and depreciation	4	134,355	145,429	424,071	437,224
Consulting fees		53,355	5,500	53,355	5,500
Insurance		20,398	20,000	60,288	60,000
Investor and public relations		279,519	38,120	353,545	118,816
Marketing		197,897	2,500	208,646	46,866
Office and administration	7(b)	24,367	48,596	59,551	123,758
Professional fees		28,947	272	98,295	148,510
Regulatory and transfer agent fees		30,735	8,860	60,552	62,111
Salaries and benefits	7(a)	64,782	116,181	249,356	285,250
Share-based compensation	8(d), 8(e)	99,541	91,207	243,645	1,182,602
Loss before other items		(933,896)	(476,665)	(1,811,304)	(2,470,637)
Other items					
Finance costs		(726)	(2,159)	(2,867)	(21,463)
Foreign exchange gain (loss)		655	(80)	(1,234)	(355)
Government grant	6	-	-	20,000	-
Interest income		6,130	1,464	6,130	1,464
Unrealized (loss) gain on derivative	5	(31,000)	(629,000)	(61,000)	573,000
		(24,941)	(629,775)	(38,971)	552,646
Net loss for the period		(958,837)	(1,106,440)	(1,850,275)	(1,917,991)
Other comprehensive income					
Unrealized (loss) gain on investment	5	(19,000)	(818,000)	(30,000)	595,000
Comprehensive (loss) income for the period		(977,837)	(1,924,440)	(1,880,275)	(1,322,991)
Net loss per share - basic and diluted		(0.01)	(0.02)	(0.03)	(0.03)
Weighted average number of shares outstanding		79,118,282	67,872,653	70,937,351	63,728,180

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

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Nine months ended June 30, 2023 and 2022

(In Canadian dollars)

	Share capital		Reserves							
	Notes	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
Shares issued for equity financing		13,215,600	660,780	-	-	-	-	-	-	660,780
Exercise of warrants		1,623,000	136,877	-	(32,767)	-	-	(32,767)	-	104,110
Modification of warrants		-	-	-	813,895	-	-	813,895	(813,895)	-
Expired warrants		-	-	-	(200,141)	-	-	(200,141)	200,141	-
Vested RSUs		625,000	49,000	(49,000)	-	-	-	(49,000)	-	-
Exercise of options		100,000	33,934	(24,434)	-	-	-	(24,434)	-	9,500
Cancelled and forfeited options		-	-	(112,490)	-	-	-	(112,490)	112,490	-
Share-based compensation		-	-	243,645	-	-	-	243,645	-	243,645
Comprehensive loss for the period		-	-	-	-	-	(30,000)	(30,000)	(1,850,275)	(1,880,275)
Balance, June 30, 2023		83,686,253	17,698,059	1,355,932	1,371,122	-	619,000	3,346,054	(15,384,785)	5,659,328
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		4,000,000	271,063	-	-	(31,063)	-	(31,063)	-	240,000
Exercise of warrants		1,277,000	89,390	-	-	-	-	-	-	89,390
Modification of warrants		-	-	-	690,777	-	-	690,777	(690,777)	-
Expired warrants		-	-	-	(23,054)	-	-	(23,054)	23,054	-
Cancelled and forfeited options		-	-	(225,907)	-	-	-	(225,907)	225,907	-
Share-based compensation		-	-	1,182,602	-	-	-	1,182,602	-	1,182,602
Comprehensive loss for the period		-	-	-	-	-	595,000	595,000	(1,917,991)	(1,322,991)
Balance, June 30, 2022		67,872,653	16,785,593	1,111,014	790,135	-	595,000	2,496,149	(11,401,325)	7,880,417

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

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Condensed Interim Consolidated Statements of Cash Flows

Nine months ended June 30, 2023 and 2022

(In Canadian dollars)

	Nine months ended June 30,	
	2023	2022
	\$	\$
Operating activities		
Net (loss) for the period	(1,850,275)	(1,917,991)
Items not affecting cash		
Amortization and depreciation	424,071	437,224
Share-based compensation	243,645	1,182,602
Accrued interest and accretion expense	1,585	19,798
Unrealized loss (gain) on derivative	61,000	(573,000)
Government grant	(20,000)	-
Changes in non-cash working capital items:		
GST recoverable	(18,890)	3,053
Prepays and other assets	21,365	45,961
Accounts payable and accrued liabilities	(72,206)	(192,070)
	(1,209,705)	(994,423)
Investing activities		
Intangible assets development costs	(174,483)	(124,302)
Investment and derivative	-	(250,000)
	(174,483)	(374,302)
Financing activities		
Shares issued for cash, net of share issue costs	774,389	89,390
Repayment of loans and borrowings	(40,000)	-
	734,389	89,390
Decrease in cash and cash equivalents	(649,799)	(1,279,335)
Cash and cash equivalents, beginning of period	1,104,535	2,508,857
Cash and cash equivalents, end of period	454,736	1,229,522
Cash and cash equivalents consist of		
Cash	454,736	429,522
GIC	-	800,000
Supplemental cash flow information		
Intangible assets in accounts payable	10,800	10,302

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

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

1. Nature of operations and going concern

(a) Nature of operations

Anonymous Intelligence Company Inc. (formerly 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’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.

The Company is a computational intelligence, decentralized network and data technology company, focused on leveraging its proprietary suite of Artificial Intelligence (AI) and privacy enabled products to empower increased confidence in technology for consumers and businesses. Its platforms enable a privacy first AI enabled world where decentralized users and machines are able to interact with data, value and other counterparties without the need for third parties creating many benefits such as giving each user full control and ownership of all personal and corporate data.

On May 16, 2023, the Company completed a change of business from an education technology Issuer to a technology Issuer. Concurrently, the Company changed its name to Anonymous Intelligence Company Inc. and its trading symbol from “CNI” to “ANON”.

(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 nine months ended June 30, 2023, the Company recorded a net loss of \$1,850,275 (2022 – \$1,917,991) and as of June 30, 2023, had an accumulated deficit of \$15,384,785 (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.

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

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.

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 August 25, 2023.

3. Prepaids and other asset

As at September 30, 2022, included in other assets was a promissory note receivable (the “Note”) of \$150,000. The Note was unsecured, bore interest at 15% per annum, compounded monthly, and matured on March 15, 2022. During the nine months ended June 30, 2023, pursuant to a settlement agreement, the Note, including a reimbursement for legal fees of \$15,000, was repaid in full (2022 – principal of \$50,000 paid).

As at June 30, 2023, included in other assets was an advance of \$100,000 (2022 - \$nil) made to Haller.ai.(note 11).

4. Intangible assets

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

	Turminal.ai	Limitless VPN	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	127,994	46,489	-	174,483
Balance, June 30, 2023	127,994	5,452,598	402,972	5,983,564

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

4. Intangible assets (continued)

	Turminal.ai	Limitless VPN	Digital Curriculum	Total
	\$	\$	\$	\$
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	-	406,985	16,027	423,012
Balance, June 30, 2023	-	2,029,416	402,972	2,432,388
Net book value				
September 30, 2022	-	3,783,678	16,027	3,799,705
June 30, 2023	127,994	3,423,182	-	3,551,176

As at June 30, 2023, Turminal.ai was not available for use and no provision for amortization was recorded.

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 \$0.33 (US\$0.246) from their last financing, the 2,673,792 shares had a fair value of approximately \$873,000 as at June 30, 2023 (September 30, 2022 - \$903,000). For the three and nine months ended June 30, 2023, the Company recognized an unrealized loss on the fair value of the investment in OCI of \$19,000 and \$30,000, respectively (three and nine months ended June 30, 2022 – unrealized (loss) gain of \$(818,000) and \$595,000, respectively).

The warrant component of the investment is classified as a derivative at fair value through profit or loss (FVTPL). As at June 30, 2023, the fair value of the 2,673,792 warrants of \$800,000 (September 30, 2022 - \$861,000) was estimated using the Black-Scholes pricing model based on the following weighted average assumptions: risk free rate of 3.68%; dividend yield of 0%; stock price volatility of 178%; and expected life of 3.51 years. For the three and nine months ended June 30, 2023, the Company recognized an unrealized loss on the fair value of the derivative of \$31,000 and \$61,000, respectively (three and nine months ended June 30, 2022 - unrealized (loss) gain of \$(629,000) and \$573,000, respectively).

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

6. Loans and borrowings

Included in loans and borrowings as at September 30, 2022, was 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 nine months ended June 30, 2023, 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 and nine months ended June 30, 2023 and 2022 consisted of:

(a) Compensation of key management personnel

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
			\$	\$
CEO management fee ⁽¹⁾	30,000	30,000	90,000	50,000
CFO salary	34,708	41,779	145,068	124,289
Share-based compensation ⁽²⁾	23,847	36,703	122,858	375,122

⁽¹⁾ CEO management fee is paid to Walrus Enterprises, a company controlled by Lucas Russell, CEO.

⁽²⁾ Share-based compensation represents the fair value of options granted and RSUs vested to directors and officers of the Company.

(b) Related party transactions

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
			\$	\$
Office and administration ⁽¹⁾	-	21,000	14,600	51,000

⁽¹⁾ Shared rent, salary and office expenses paid to Norsemont Mining Inc. (“Norsemont”). John Bean is a director of the Company and Norsemont, and Kulwant Sandher is a director of Norsemont and a former CFO and director of the Company

(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 June 30, 2023 and September 30, 2022:

	June 30, 2023	September 30, 2022
	\$	\$
(i) Loan from a former director ⁽¹⁾	100,000	100,000
(ii) Due to a former director and officer ⁽²⁾	50,000	50,000

Anonymous Intelligence Company Inc.

(Formerly Cloud Nine Web3 Technologies Inc.)

Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

7. Related party transactions (continued)

(c) Related party balances (continued)

- (1) Pursuant to a promissory note dated September 30, 2014 with Tom Musial, a former director of the Company. 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) The amount is due to Allan Larmour, a former director and CEO of the Company for accrued management fees. The 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 June 30, 2023, the Company's outstanding share capital consisted of 83,686,253 (September 30, 2022 – 68,122,653) issued and fully paid common shares.

The following shares were issued during the three and nine months ended June 30, 2023:

- (i) On April 24, 2023, the Company completed a non-brokered private placement of 13,215,600 units at a price of \$0.05 per unit for gross proceeds of \$660,780. Each unit consisted of one common share and one warrant exercisable at \$0.06 per share expiring April 24, 2028.
- (ii) An aggregate of 625,000 common shares were issued for vested RSUs and \$49,000 was reclassified from reserves to share capital on the issuance of these shares.
- (iii) An aggregate of 100,000 common shares were issued for gross proceeds of \$9,500 pursuant to option exercises.
- (iv) An aggregate of 1,623,000 common shares were issued for gross proceeds of \$104,110 pursuant to warrant exercises.

The following shares were issued during the three and nine months ended June 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.

Anonymous Intelligence Company Inc.

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Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(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 June 30, 2023, the weighted average contractual life of the warrants was 2.15 years (September 30, 2022 - 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	21,998,065	0.15
Issued	13,215,600	0.06
Exercised	(1,623,000)	0.06
Expired	(558,078)	0.04
Balance, June 30, 2023	33,032,587	0.11

The following table summarizes the warrants outstanding as at June 30, 2023:

Exercise Price	Expiry date	Warrants
\$		#
0.40 ⁽²⁾	December 31, 2023 ⁽¹⁾⁽²⁾	4,723,654
0.06	April 24, 2028	12,265,600
0.07	January 31, 2024 ⁽³⁾	16,043,333
		33,032,587

⁽¹⁾ 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.

⁽²⁾ 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.

Anonymous Intelligence Company Inc.

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Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

8. Share capital (continued)

(c) Share purchase warrants (continued)

⁽³⁾ On February 16, 2023, the Company extended the expiry date of these warrants to January 31, 2024 from the original expiry dates between February 18, 2023 and January 18, 2024. During the nine months ended June 30, 2023, the Company recorded a fair value incremental change of \$813,895 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 4.2%; dividend yield of 0%; stock price volatility of 207.39%; and an expected life of 0.96 years.

(d) Stock options

The Company has an Omnibus Equity Incentive Plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Canadian Securities Exchange (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 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 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
Exercised	(100,000)	0.10
Forfeited ⁽²⁾	(450,000)	0.14
Balance, June 30, 2023	3,175,000	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 nine months ended June 30, 2023, an aggregate fair value of \$112,490 was transferred from reserves to deficit on forfeited options.

Anonymous Intelligence Company Inc.

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Notes to Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

8. Share capital (continued)

(d) Stock options (continued)

The following table summarizes the options outstanding and exercisable as at June 30, 2023:

Exercise Price	Expiry date	Options outstanding	Options exercisable
\$		#	#
0.12	October 25, 2024	75,000	75,000
0.095 ⁽¹⁾	February 14, 2027	2,425,000	2,425,000
0.095	July 20, 2027	200,000	200,000
0.095	August 30, 2027	150,000	150,000
0.095	September 21, 2027	75,000	75,000
0.06	November 30, 2027	250,000	250,000
		3,175,000	3,175,000

⁽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 fair value of the modified options 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 June 30, 2023, the weighted average contractual life of the stock options was 3.70 years (September 30, 2022 – 4.27 years).

During the three and nine months ended June 30, 2023, the Company recorded share-based compensation of \$nil and \$10,822, respectively (three and nine months ended June 30, 2022 – \$Nil and \$938,958, respectively) 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 June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
Risk-free annual interest rate	-	-	3.73%	1.43%
Expected annual dividend yield	-	-	-	-
Expected stock price volatility	-	-	162%	183%
Expected life of options (years)	-	-	3	2
Forfeiture rate	-	-	15%	15%

The weighted average fair value of stock options granted during the during the nine months ended June 30, 2023 was \$Nil (nine months ended June 30, 2022 - \$0.32) per option.

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Three and nine months ended June 30, 2023 and 2022

(In Canadian dollars)

8. Share capital (continued)

(e) Restricted share units (“RSUs”)

Under the terms of the 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	(625,000)	0.36
Cancelled	(250,000)	0.41
Balance, June 30, 2023	1,037,500	0.32

The following table summarizes the RSUs outstanding and released as at June 30, 2023:

Issue Price	Expiry date	RSUs outstanding
\$		#
0.41	February 14, 2024	775,000
0.095	July 20, 2024	37,500
0.095	August 30, 2024	37,500
0.06	November 30, 2022	187,500
		1,037,500

During the three and nine months ended June 30, 2023, the Company recorded share-based compensation of \$99,541 and \$232,821, respectively (the three and nine months ended June 30, 2022 - \$91,209 and \$162,119, respectively) for RSUs vested during the period.

The weighted average fair value of RSUs vested during the nine months ended June 30, 2023 was \$0.16 per share (nine months ended June 30, 2022 - \$0.24 per share). The weighted average remaining contractual life of RSUs is 0.81 years.

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9. Financial instruments

At June 30, 2023, 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 investment and derivative approximates their carrying values measured based on level 2 and level 3 of the fair value hierarchy, respectively. During the nine months ended June 30, 2023 and 2022, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

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 investment and derivatives held in a privately held company is based on certain valuation techniques as outlined in Note 5. If the fair value of these financial assets were to increase or decrease by 10% as of June 30, 2023, the Company would incur an associated increase or decrease in net loss of approximately \$86,752 (2022 - \$90,604) and in comprehensive loss of approximately \$80,400 (2022 - \$86,363).

As at June 30, 2023, the Company did not have any financial instruments subject to significant credit or interest rate risks. 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.

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 events

The following events occurred subsequent to June 30, 2023:

- (a) On July 11, 2023, the Company acquired Haller.ai Technologies Inc. ("Haller.ai"), a private technology company focused on the development of artificial-intelligence-powered software-as-a-service (SaaS) platforms. The Company acquired all of the issued and outstanding shares of Haller.ai for aggregate consideration of approximately \$4,248,000 which consisted of 20,000,000 common shares of the Company with a fair value of \$2,900,000 and 10,000,000 performance warrants with a fair value of \$1,348,000. The warrants are exercisable at a price of \$0.25 per share until July 11, 2028. The fair value of the warrants was estimated using the Black-Scholes option pricing model based on the following assumptions at the time of issuance: risk free rate of 3.63%; dividend yield of 0%; stock price volatility of 169%; and an expected life of 5 years.

The consideration shares and performance warrants are subject to the following resale restrictions and releases based on time and certain milestones achieved:

- (i) 5,000,000 shall be released after 4 months +1 day from the date of closing of the Acquisition (the "Closing Date");
- (ii) 5,000,000 shares shall be released after 8 months from the Closing Date;
- (iii) 5,000,000 shares shall be released upon Haller.ai's initial commercial product launch;
- (iv) 5,000,000 shares shall be released upon Haller.ai achieving revenues of \$50,000 in a month; and
- (v) 10,000,000 warrants shall be exercisable upon Haller.ai achieving revenues of \$150,000 in one quarter.

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11. Subsequent events (continued)

The Company paid a finder's fee consisting of 2,000,000 common shares of the Company with a fair value of \$290,000 related to the acquisition.

- (b) An aggregate of 1,550,000 common shares were issued for gross proceeds of \$107,500 pursuant to warrant exercises.
- (c) The Company granted 150,000 stock options exercisable at \$0.09 per share for a period of five years and 50,000 RSUs to a director of the Company.